

Kane Bidco Limited

Report and consolidated financial statements
for the period ended 31 December 2022

Jersey registered number 137782

Kane Bidco Limited

Report and consolidated financial statements for the period ended 31 December 2022

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Directors and advisers for the period ended 31 December 2022

Directors

Rebecca Hunter	(Appointed 27 August 2021)
Andrea Bertolini	(Appointed 27 August 2021) (resigned 22 November 2022)
Jodi Balfe	(Appointed 22 November 2022)

Registered office

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11-15 Seaton Place
St. Helier
JE4 0QH
Jersey

Bankers

Lloyds Bank Plc
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London
EC2V 7HN

The Royal Bank of Scotland Plc
Bishopsgate
Threadneedle Street
London
EC2R 8AH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Kane Bidco Limited

Strategic Report for the period ended 31 December 2022

Introduction

Kane Bidco Limited (“The Company”) was incorporated on 27 August 2021 for the purpose of acquiring and holding equity investment in True Potential Group Limited. The Company acquired the entire share capital of True Potential Group Limited on 21 January 2022, consolidated they form the Kane Bidco Group (“KB Group”). The Company is a wholly owned subsidiary of Kane Midco Limited. True Potential Group’s principal activities are the provision of financial advisory, investment management services and support services to financial advisers and retail investors.

Our Mission

As the UK’s leading wealthtech firm, we believe we offer the best for our clients – but we also know that too many Britons are heading towards retirement without enough saved or invested. That’s why we’ve made it our mission to close the UK’s savings and advice gaps by innovating in three key areas.

Hybrid advice

Our blend of regulated financial advice and technology puts our clients firmly in control of their money, with expertly-qualified financial advisers on hand whenever they’re needed, as well as annual reviews and support with tax, inheritance planning and retirement.

By giving clients 24/7 access to their investments, they’re empowered to take action throughout their journey – whether that’s setting their goals, tracking performance, topping up investments or managing their drawdown payments. This approach revolutionises the way clients interact with their financial adviser, moving to a client driven approach. With full transparency over their money, clients can self-serve and contact their financial adviser whenever they need to.

When clients choose to get in touch, they’re supported by our dedicated Customer Care team, who are available to help from 7am to 8pm weekdays. This team answered 67,077 phone calls, 45,634 emails and 40,668 live chats in 2022 to help our clients do more with their money. While our Customer Care team can deal with the majority of enquiries, they can also set up meetings with our expert financial advisers – ensuring our clients get the service they need at a time that suits them.

In 2022, we extended our service to the beneficiaries of our clients – ensuring they are in the best place to get financial advice when the time comes and protect their investments as it passes to future generations. We also rolled out our free pension finding service – open to new and existing clients – where we’ll search for old workplace and personal pensions that have become forgotten or lost over the years. With an estimated £26bn of pensions considered lost, our goal is to ensure our clients have full control of their entire retirement plan.

Over the period, our Hybrid Advice clients completed a record 98,000 annual suitability reviews. We also have a strong retention rate with 98% of clients of our centrally advised clients choosing to continue investing with us.

Innovative investments

Our approach of ‘Advanced Diversification’ aims to maximise returns, reduce risk and lower the cost of ownership for our clients.

Throughout a difficult period for markets, our team have worked hard to make the most of the opportunities available and provide information and insight directly to our clients through 250 daily episodes of our ‘Morning Markets’ series.

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Strategic Report for the period ended 31 December 2022 (continued)

Innovative investments (continued)

Unlike others, we don't rely on the outlook and strategy of a single fund manager, whose expertise may not be best suited to all types of market behaviour. Instead, we bring together 11 world-class fund managers into a single investment solution – the True Potential Portfolios. This blend of tried-and-tested multi-asset strategies provides us with access to 9,620 experts in 162 locations around the world. We believe this gives us unrivalled insight into global markets, and a truly around-the-clock view of investments.

With over £20bn of assets and 157,000 clients invested in our True Potential Portfolios, 2022 saw more people than ever before benefit from our fee-free discretionary fund management expertise.

Portfolio performance

Our True Potential Portfolios are a suite of fully-diversified, discretionary-managed investment solutions.

With wide exposure to world-class investment managers, as well as diversifying their investment by asset class and geographic region, our clients benefit from having more potential to grow their money and manage volatility, all in one Portfolio.

And, as we're committed to helping our clients reach their financial goals, we continually monitor our Portfolios to make sure they perform as expected and remain within the chosen risk profile. We also rebalance for the future, rather than the past, taking an active approach to allocating client money where we see the greatest potential for growth.

The results of this strategy are shown below across our True Potential Portfolio range, 10 discretionary-managed investment solutions across the five risk categories.

True Potential Portfolio	2022 performance	Annualised Cumulative growth Since Launch
True Potential Defensive Portfolio	(7.43) %	+1.95%
True Potential Cautious Portfolio	(8.75) %	+3.32%
True Potential Cautious + Portfolio	(9.99) %	+3.34%
True Potential Cautious Income Portfolio	(8.39) %	+4.01%
True Potential Balanced Portfolio	(10.50) %	+4.58%
True Potential Balanced + Portfolio	(10.49) %	+5.14%
True Potential Balanced Income Portfolio	(9.11) %	+4.42%
True Potential Growth Portfolio	(10.17) %	+6.31%
True Potential Growth + Portfolio	(11.01) %	+6.15%
True Potential Aggressive Portfolio	(9.22) %	+7.33%

True Potential funds launched on 1 October 2015

Award-winning technology

Building our technology in-house means we can develop and release new technology throughout the period, innovating and delivering new features to help our clients do more with their money. Our clients make full use of the technology we provide for them, with 6.9m logins over 2022. 4.7m logins were through our mobile app, a record number that proves our 'mobile first' strategy was ahead of the game and continuing to grow. 2022 began with our biggest ever release of client technology – fully rebuilt apps and online accounts with improved speed, reliability, and security. For the first time we saw our True Potential app overtake the web as the most popular way for clients to track their investments.

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Strategic Report for the period ended 31 December 2022 (continued)

Award-winning technology (continued)

Our enhanced technology included True Potential Rewards, which enables clients to earn and automatically invest cashback from their everyday online shopping.

Over the period, our clients made £1.4m of purchases through the feature, adding the savings to their investments at no cost.

We also improved our open banking integration, giving clients to see all of their finances in our app for the first time. As well as keeping on top of their balance, clients can track and analyse their spending habits – finding new ways to boost their investments and even retire earlier.

For those ready to make the most of their investments, we also redeveloped our pension drawdown process to make it easier for clients to manage their retirement income. As well as simplifying the language we use, we've added projection charts to show the impact of each withdrawal on the overall pension pot – empowering clients to make better choices and giving them the option to ask for advice whenever they need it.

With more logins than ever before, it's clear to us that today's clients demand 24/7 access to their investments as well as the ability to control their money and get help whenever they need it.

Review of Business

The Company was incorporated on 27 August 2021 for the purpose of acquiring and holding equity investment in True Potential Group Limited. The Company acquired the entire share capital of True Potential Group Limited on 21 January 2022. The Company is a wholly owned subsidiary of Kane Midco Limited.

On completion of the transaction True Potential Group Limited's existing financing arrangements of £604m were fully repaid in accordance with the "change of control" terms in the agreement. These have been replaced by a high yield bond of £700m and revolving credit facility of £100m, of which £85m was drawn at the period ended 30 December 2022. The high yield bond issued by and revolving credit facility held by Kane Bidco Limited.

Financial Review

Summary

The board monitors the financial performance of the Group by reference to the following key performance indicators (KPIs) in addition to the statutory financial metrics reported in these financial statements to review against the Groups strategy of deployment of our hybrid advice model to UK investors. These financial statements are the first financial statements of the Group and are presented under International Financial Reporting Standards (IFRS). A reconciliation of Earnings before interest, tax, depreciation and amortisation (EBITDA) has been included in Note 9 Alternate Performance Measures (APMs) of these financial statements.

	Type	2022 £'000
Gross inflows (£m)	KPI - APM	6,734
Assets under management (£m)	KPI - APM	23,264
Gross revenue	Statutory	319,805
Net revenue	APM	213,733
EBITDA	APM	165,973
Profit before tax	Statutory	3,486
Client onboarding costs assets	Statutory	793,201
Cash and cash equivalents	Statutory	61,241

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Strategic Report for the period ended 31 December 2022 (continued)

Financial Review (continued)

Gross inflows

The Group defines gross inflows as client assets introduced and invested in the True Potential platform in the period, and is not a statutory financial measure. Gross inflows for the period to 31 December 2022 was £6.7bn against a backdrop of challenging market conditions. The board are pleased to see continued growth despite these conditions.

Assets under management

The Group defines assets under management (AuM) as True Potential client assets invested on the True Potential Platform and investment funds. AuM at the period ended 31 December 2022 were £23.3bn. The Gross inflows underpin the growth in assets under management, despite significant market headwinds. The board is pleased to present continued growth in AuM in comparison to the movement of asset prices.

Gross revenue

The Group recorded Gross revenue at £319.8m. With Advice fees of £117.2m, Platform fees of £78.3m along with Investment Management fees of £120.5m.

Net revenue

Net revenue in 2022 was £213.7m, giving a net revenue margin of 66.8%.

EBITDA

EBITDA for the period to 31 December 2022 was £166.0m. The board is satisfied with the performance of the business.

Profit before tax

Statutory profit before tax was £3.5m in 2022, underlying performance was profitable with significant amortisation charges of £52.4m as a result of the business combination in the period.

Client onboarding costs

The Group recognises client onboarding costs under IFRS 15 for the incremental costs to obtain a revenue contract. The Group has added £235.8m to client onboarding costs in 2022, representing the recruitment initiatives in place to introduce new clients onto the True Potential platform and investment funds. Significant estimation is used to assess the carrying value of these assets. There is significant estimation in the appropriateness of the carrying value of client onboarding costs. In assessing for impairment market growth assumptions, client retention assumptions and the discount rate applied to obtain a Net Present Value (NPV) of expected cashflows form key forward looking estimates. Management has concluded that no impairment exists at 31 December 2022.

Cash and cash equivalents

At 31 December 2022 the Group held £61.2m cash and cash equivalents, primarily to support FCA regulatory capital requirements. To ensure adequate returns on this cash, management implemented a policy in the period to hold surplus funds in highly liquid money market funds, generating £0.2m of finance income in 2022.

Going concern

The Group consolidated financial statements for 2022 show a net asset position of £1,783m. As part of the acquisition of the Group by Kane Bidco Limited, the outstanding financial liabilities in TP Group were settled by capital introduced from Kane Bidco Limited, sourced by debt finance obtained by Kane Bidco Limited. In February 2023 management secured additional debt funding of £50m to support the growth strategy of the business. This

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Strategic Report for the period ended 31 December 2022 (continued)

Financial Review (continued)

additional financing along with current available facilities and cash at 31 December 2022 and the underlying cash generation of the business, excluding client onboarding costs, gives the Board confidence that there are sufficient resources available to meet ongoing operation and capital requirements.

Management has carried out a going concern assessment taking into account a number of scenarios that could occur on the conclusion of the transaction, including a material decrease in sales, material increase in attrition rates, material decrease in asset values and general change to the sentiment and appetite of the UK market for investment products and pension savings. The Group considers these scenarios to be severe but plausible, nevertheless the analysis confirmed the Group's current and forecast liquidity position would enable the Group to operate for at least 12 months from the date of signing the consolidated financial statements. Having due regard to these matters and after making appropriate enquiries, management has a reasonable expectation that the Group has adequate resources to remain in operation for at least 12 months after the approval of these financial statements. The Board have therefore continued to adopt the going concern basis in preparing the consolidated financial statements.

Our business model has enabled us to continue strongly over the period ended 31 December 2022 with record-breaking results across the Group. Our focus now turns to 2023 as we continue to service and support our financial advisers and every one of our clients.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Group are regulatory risk and market risk, being an FCA regulated group offering wealth management advice, investment management and fund administration to the UK market. Regulatory risk is managed in the regulated subsidiaries through robust systems and controls to ensure full compliance with all regulatory requirements. Market risk is managed through our Investment Management approach based on advanced diversification, which helps to protect our clients and our business.

The Group is exposed to financial risks. The Group has limited exposure to credit risk as all debtors are converted into cash within a short period of time. The Group is highly cash generative before client onboarding costs and retains sufficient cash balances to reduce the exposure to liquidity risk/cash flow risk. The Group manages exposure to price risk, credit risk, liquidity risk and cash flow risk by completing detailed forecasting and by continuous examination of both the trading marketplace and current economic climate.

Another risk that the Group faces is cyber risk, as a platform with £23.3bn (as at 31 December 2022) of client assets under management. This risk is monitored on a daily basis via the 24/7 security operations centre. There are multiple layers of protection in place including ongoing awareness training for all staff.

Operational risks arise through human error and are mitigated through internal controls and regular staff training.

The risks to the Group posed by a pandemic are assessed, monitored and managed closely, both from an operational and a financial perspective. The Company's operational resilience is maintained by ensuring that all customer-facing and support staff can work remotely, with further steps in place for those working in our offices to ensure social distancing.

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Strategic Report for the period ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

The Group is exposed to inflationary risk in its cost base. The Group has mitigated this risk by fixing its energy costs and premises costs where possible.

Risk of reputational damage impacting all stakeholders is a likely consequence of any of our principal risks arising, which would be expected to impact the carrying value of assets on the Group balance sheet. A sharp outflow of client assets from the True Potential platform would impact the expected recoverability of client onboarding costs and could lead to impairment.



Rebecca Hunter
Director
31 May 2023

Kane Bidco Limited

Directors report for the period ended 31 December 2022 (continued)

The Directors present their report and the audited consolidated financial statements for the period ended 31 December 2022.

Directors

The following Directors have held office during the period and to the date of signing of the financial statements, unless otherwise indicated:

Rebecca Hunter	(Appointed 27 August 2021)
Andrea Bertolini	(Appointed 27 August 2021) (resigned 22 November 2022)
Jodi Balfe	(Appointed 22 November 2022)

Principal activities

The principal activities of the Group are the provision of financial advisory and investment management services, and support services to financial advisers. Kane Bidco Limited was incorporated on 27 August 2021 for the purpose of acquiring and holding equity investment in True Potential Group Limited.

Review of Business

£6.2bn of new client money was invested onto the True Potential Platform. As 31 December 2022, we administered £23.3bn of client money, and invested and managed £21.2bn of this in True Potential Funds.

This growth in sales has ensured an equally strong growth in turnover and profit of the acquired Group. With turnover of £319.8m and EBITDA to £166.0m. Profit before tax for the period was £3.5m.

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Directors report for the period ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards. Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Statement of disclosure of information to auditors

The directors confirm that so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware; and that each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

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Directors report for the period ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Rebecca Hunter', written in a cursive style.

Rebecca Hunter
Director
31 May 2023

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Jersey registered number: 137782

Independent auditors' report to the members of Kane Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kane Bidco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the period from 27 August 2021 to 31 December 2022;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 December 2022; the Consolidated statement of comprehensive income, the Consolidated cash-flow statement, the Consolidated statement of changes in equity and the Company statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

PricewaterhouseCoopers LLP United Kingdom (PwC UK) have been appointed auditors to the company following the company's acquisition of True Potential Group Limited in the period. Whilst this is the first year of audit for the company following incorporation PwC UK were the existing auditors of True Potential Group Limited.

Overview

Audit scope

- We have performed a full scope audit of the complete financial information of the Group and Company in accordance with our materiality and risk assessment.

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Key audit matters

- Valuation of client onboarding costs (group)
- Accounting for the acquisition of True Potential Group Limited (group)
- Impairment of investment in subsidiary (parent)

Materiality

- Overall group materiality: £7,170,884 based on 5% of Adjusted profit.
- Overall company materiality: £17,867,044 based on 1% of Net Assets.
- Performance materiality: £5,378,163 (group) and £13,400,283 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of client onboarding costs (group)</p> <p>The Group has a significant amount of client onboarding costs assets, with a carrying value as at 31 December 2022 of £234m (see notes 2 and 4). The onboarding costs asset value continues to grow in line with the Group's client onboarding programme. Costs are recognised as an asset based on incremental costs incurred in respect of obtaining contracts with customers following the criteria laid out in IFRS 15 and are amortised over the expected transfer of the services to the customer. In accordance with IAS 36 management consider, at each reporting date, whether there were any indicators of impairment, and, where required perform a full impairment assessment.</p>	<p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> • reviewed all accounting policies in place for compliance with International Financial Reporting Standards; • substantively tested the acquisition contracts the group have in place and the value derived from them; • substantively tested additions to contract assets to determine suitability for capitalisation; • understood and challenged management's assumptions made in relation to amortisation policies and any impairment assessment; • tested management's discounted cash flow (DCF) model and performed a sensitivity analysis over the key assumptions; • reviewed historical DCF forecasts against actual performance to date; and • assessed the disclosures made by management in the financial statements. <p>Based on the procedures performed and the evidence obtained, we noted no material issues from our work.</p>
<p>Accounting for the acquisition of True Potential Group Limited (group)</p> <p>Refer to note 2 and note 29. On 21 January 2022 the company purchased 100% of the voting equity interests in True Potential Group Limited (TPG) for a consideration of £1,809m. The Group has accounted for the acquisition of a business using acquisition accounting in accordance with IFRS 3 (Business Combinations). As a result all assets and liabilities have been measured at fair value at the date of acquisition. As part of the fair</p>	<p>We have performed the following audit procedures relating to the acquisition of TPG:</p> <ul style="list-style-type: none"> • read the Sale and Purchase Agreement (SPA) and other signed contracts to understand the nature of the acquisition transaction and verify that management has captured all key terms; • tested the fair value of identifiable assets and liabilities acquired, including customer relationship intangibles; • assessed the reasonableness of the fair value methodology;

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<p>value of assets acquired, management have recognised an asset in respect of existing customer relationships of £957m and goodwill of £1,622m. There is a risk that the valuation of the acquired assets and liabilities has been calculated incorrectly resulting in an error in the allocation between goodwill and other assets.</p>	<ul style="list-style-type: none"> • tested the appropriateness of key assumptions used to calculate the intangible asset value including the expected life of customer relationships and the discount rate applied; and • assessed the adequacy of the presentation and disclosures regarding the acquisition in the financial statements. <p>Based on the procedures performed and the evidence obtained, we noted no material issues from our work.</p>
<p><i>Impairment of investment in subsidiary (parent)</i></p> <p>Refer to note 3 to the parent company financial statements. At 31 December 2022 the company's equity interests in True Potential Group Limited were held at £2,573m, reflecting the £1,800m consideration as part of the acquisition, plus an additional £763m injection during the period. In accordance with IAS 36 management consider, at each reporting date, whether there were any indicators of impairment, and, where required perform a full impairment assessment.</p>	<p>As part of our audit we:</p> <ul style="list-style-type: none"> • obtained and reviewed management's assessment of whether any impairment indicators existed; • considered management's assessment in accordance existed in accordance with IAS 36; and • used our understanding of True Potential Group Limited to assess whether any further indicators existed. <p>Based on the procedures performed and the evidence obtained, we noted no material issues from our work.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured as a vertically integrated wealth management business and operates entirely within the United Kingdom. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and Company, the accounting processes and controls, and the industry in which it operates. Based on the output of our risk assessment, along with our understanding of the Group structure, we performed a full scope audit over the consolidated True Potential Group Limited component.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	£7,170,884.	£17,867,044.
<i>How we determined it</i>	5% of Adjusted profit	1% of Net Assets
<i>Rationale for benchmark applied</i>	The engagement team concluded that adjusted profit is the most appropriate figure when setting an overall materiality on the engagement. Adjusted profit was calculated based on profit before tax, excluding the impact of exceptional items, finance costs and amortisation of intangible assets recognised on acquisition. The quantum of £7.1 million was determined by considering the various benchmarks available to us as auditors, our experience of auditing the True Potential Group and our knowledge of the Kane BidCo Group. £7.1 million represents 5% of adjusted profit for the period ended 31 December 2022.	The purpose of the Parent Company is to hold investments in other Group companies and raise external debt for the financing of the wider Group. As such PwC considers it appropriate to use net assets as the benchmark for overall materiality

For the component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocated to that component was £6,812,340. The component was audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £5,378,163 for the group financial statements and £13,400,283 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £358,544 (group audit) and £893,352 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtained management's assessment of the going concern of the Group, and challenged the appropriateness of the assumptions used by utilising our knowledge of the Group gained throughout the audit and obtaining further corroborative audit evidence;
- Considered information obtained through review of regulatory correspondence, minutes of meetings of the Board, Group Audit Committees, as well as attendance of relevant Audit Committee meetings;
- Assessing the liquidity of the Group, including the Company's ability to pay suppliers and creditors as amounts fall due; and
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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.

Auditors' 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 auditors' 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.

Kane Bidco Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK tax legislation and requirements of the Financial Services and Markets Act 2000 for firms carrying out regulated financial activities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, fee expenses and administrative expenses, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Identifying and testing journal entries meeting certain risk-based criteria, including unusual or unexpected account combinations and entries posted by unexpected users, where any such journals entries were identified;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the treatment and valuation of Client Onboarding Costs;
- Reviewing any correspondence with the Financial Conduct Authority; and
- Review of Board minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

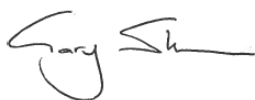
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
31 May 2023

Kane Bidco Limited

Consolidated statement of comprehensive income

For the period ended 31 December 2022

	Note	2022 £000
Revenue	4	319,805
Fee expenses	5	(106,072)
Net revenue		213,733
Total Administrative expenses	6	(101,571)
Exceptional items	7	(38,924)
Operating profit		73,238
Finance income		200
Finance costs	10	(69,952)
Profit before tax		3,486
Taxation	12	(12,446)
Loss for the period		(8,960)
Items that may be reclassified subsequently to profit or loss		
<i>Cash flow hedges</i>		
Gain arising on changes in fair value of hedging instruments during the period	24	11,248
Loss reclassified from OCI to profit and loss	24	(14,426)
Other comprehensive expenses for the period, net of tax		(3,178)
Total comprehensive loss for the period		(12,138)

The notes on pages 23 to 54 form a part of these Consolidated financial statements.

Kane Bidco Limited

Consolidated balance sheet

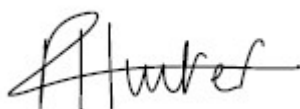
For the period ended 31 December 2022

Company No. 137782

	Note	2022 £000
Non-current assets		
Goodwill	14	1,621,702
Intangible assets	14	906,885
Property, plant and equipment	15	4,569
Client onboarding costs	4	233,605
Financial assets	21	13,928
Total non-current assets		2,780,689
Current assets		
Trade and other receivables	17	38,190
Cash and cash equivalents	18	61,241
Total current assets		99,431
Total assets		2,880,120
Current liabilities		
Trade and other payables	19	(27,681)
Financial liabilities	20	(113,760)
Deferred tax	12	(7,866)
Provisions	22	(3,137)
Current tax liability		(1,582)
Total current liabilities		(154,026)
Non-current liabilities		
Financial liabilities	20	(824,554)
Deferred tax	12	(118,508)
Total non-current liabilities		(943,062)
Total liabilities		(1,097,088)
Net assets		1,783,032
Equity		
Share capital	23	1,795,170
Hedging reserve	24	(3,178)
Retained earnings		(8,960)
Total equity		1,783,032

The notes on pages 23 to 54 form a part of these financial statements.

The financial statements were approved by and signed on behalf of the Board by:



Rebecca Hunter, Director

31 May 2023

Kane Bidco Limited

Consolidated cash-flow statement

For the period ended 31 December 2022

	Note	2022 £000
Net cash outflow from operating activities	11	(105,695)
Cashflows from investing activities		
Purchase of property, plant and equipment	15	(608)
Purchase of intangible assets	14	(545)
Interest received		200
Acquisition of subsidiary, net of cash acquired	29	(1,774,099)
Net cashflows from investing activities		(1,775,052)
Cashflows from financing activities		
Proceeds from issue of shares	23	1,795,170
Repayment of finance loans	20	(591,421)
Interest paid	20	(54,701)
Issuance of high yield bond, net of borrowing costs	20	679,646
Drawdown from revolving credit facility	20	85,000
Receipt of trust loan	20	28,800
Lease principal payments	16	(506)
Net cashflows from financing activities		1,941,988
Net increase in cash and cash equivalents		61,241
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		61,241

The notes on pages 23 to 54 form a part of these financial statements

Kane Bidco Limited

Consolidated statement of changes in equity

For the period ended 31 December 2022

	Notes	Share Capital £000	Hedging reserves £000	Retained earnings £000	Total equity £000
31 December 2022					
Balance at 27 August 2021		-	-	-	-
Loss for the period		-	-	(8,960)	(8,960)
Other comprehensive expense		-	(3,178)	-	(3,178)
Total comprehensive expense		-	(3,178)	(8,960)	(12,138)
Issue of shares	23	1,795,170	-	-	1,795,170
Balance at 31 December 2022		1,795,170	(3,178)	(8,960)	1,783,032

The notes on pages 23 to 54 form a part of these financial statements.

Kane Bidco Limited

Notes to the consolidated financial statements

For the period ended 31 December 2022

1. Nature of business

Kane Bidco Limited (the “Company”) and its subsidiaries (together the “Group”, “KB Group”) provide financial advisory and investment management services, and support services to retail investors and financial advisers. Kane Bidco Limited was incorporated on 27 August 2021 for the purpose of acquiring and holding equity investment in True Potential Group Limited. The Company is a private company limited by shares and is incorporated in Jersey, UK. The address of its registered office is Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH. The ultimate controlling party is Cinven Capital Management (VII) General Partner Limited.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those significant policies which apply in preparing the consolidated financial statements for the period ended 31 December 2022. The policies have been applied consistently to all periods presented. The financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991.

These financial statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets that have been measured at fair value.

The Directors have considered the Group’s current and future prospects, risks and uncertainties set out in the risk management objectives and policies, and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for at least 12 months from the date of signing. For this reason, the Directors continue to adopt the going concern basis of preparation for these financial statements. Further detailed information is provided in the going concern statement in the going concern statement.

2.2 Going concern

These consolidated and separate financial statements are prepared on a going concern basis. This is appropriate due to the cash generative nature of the Group and expectations of future levels of activity and profit. There is a net asset position with sufficient cash resources and other financing facilities available. Management has prepared detailed cash flow forecasts which demonstrate that the entity will be able to continue as a going concern for a period of at least twelve months from the date of signing these financial statements.

Throughout the period management monitored cashflow and covenant compliance very closely, running daily forward-looking modelling on both cashflow and leverage given the market volatility experienced. The forecasts positively show significant headroom to capital requirements both throughout the period and at the period-end. The financial position of the Group is continued to be monitored closely to ensure there are sufficient funds in order to meet liabilities as they fall due and there are no specific financial performance requirements attached to either the high yield bond or the revolving credit facility.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as on 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.3 Basis of consolidation (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

These financial statements represent a consolidated profit & loss period from 21 January 2022 to 31 December 2022.

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 income taxes and IAS 19 employee benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date, and
- acquired non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.4 Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.5 Segment reporting

It is the view of management that the Group has a single operating segment being wealth management. Details of the Group's revenue, results, assets and liabilities for the reportable segment are shown within the consolidated statement of comprehensive income and consolidated balance sheet on pages 22 and 23 respectively.

The Group operates in one geographical segment, being the United Kingdom.

The nature of the Group's activities is such that it is not reliant on any one customer or group of customers for the generation of revenue.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.6 Revenue recognition

The Group recognises revenue from the following major sources:

- Fees earned from the provision of back-office intermediation services to financial advice companies (“Adviser services”)
- Fees earned from restricted wealth management advice proposition (“Wealth management advice”)
- Fees earned from provision of a wealth platform (“Platform fees”)
- Fees earned from investment funds management (“Investment management fees”) and
- Performance fees.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Provision of back-office intermediation services (“Adviser Services”)

Our contracts with customers include the licensing of True Potential web-based intermediary services, and providing compliance services driven using the web-based platform. We use judgment to assess whether these promises are distinct performance obligations that should be accounted for separately. The ongoing support services are highly interdependent on, and interrelated with, the intermediary service. The right to access for the three-year period are accounted for as a single performance obligation. The Group satisfies these performance obligations over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed.

The fees for the performance obligation are calculated by applying a percentage to the value of the customer’s daily revenue; some contracts are subject to an annual cap. As the Group is unable to accurately predict the customer’s annual revenue (and thus the associated annual fee), the fees are subject to factors outside the Group’s control and therefore the Group cannot conclude that it is probable a significant reversal would not occur until the fee is known at the end of each day when the constraint is resolved.

Revenue is recognised on a daily basis and collected via the customer daily cash receipts which is when control of the promised services is transferred to customers. Revenue is recognised for the amount of the transaction price that is known and occurred for that day which is the amount that reflects the consideration the Group expects to receive in exchange for those services.

Wealth management advice

We derive our revenue through our contracts with customers by providing customers restricted financial advice and standing ready to provide advice to customers throughout our relationship with them. We use judgment to assess whether these promises are distinct performance obligations that should be accounted for separately. The nature of each of the services are separate in the context of the contract; therefore, each service – the initial advice and ongoing stand ready service to provide advice – is a distinct performance obligation.

The consideration for the initial advice is calculated as a percentage of the customer’s initial investment. The investment strategy is agreed upon at a point in time upon execution of the contract, which establishes the satisfaction of the initial advice performance obligation. The fee is charged to the customer and recognised as revenue when the initial advice is delivered and agreed upon. The cash consideration is received upon settlement of the investment.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.6 Revenue recognition (continued)

The consideration for the availability of ongoing advice is variable as it is based on the customer's average annual invested amount, which can change throughout the period, and is calculated and billed on a monthly basis. The variability is not able to be accurately estimated given there are factors outside of the company's control that impact the consideration amount; therefore, the estimate is constrained. The constraint and variability are only resolved for each reporting period at the end of each month when the average investment is known and the fee is able to be calculated and charged to the customer. Therefore, the fee charged for a month is recognised as revenue for the month it is earned, over time. Cash consideration is received monthly in arrears based on the daily average value of the customers investment.

Wealth platform ("Platform fees")

The Company earns platform service fees from services provided to its investor customers. Platform service arrangements are contractual arrangements involving an investment management agreement between the Company and a single client. The Company satisfies this performance obligation over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. Platform service fees from this performance obligation are calculated by applying a percentage to the value of the customer's investments held in their portfolio on a daily basis. These fees are billed monthly. Under IFRS 15, in determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty associated with the variable consideration is resolved. The platform service fees are subject to factors outside the Company's control and therefore the Company cannot conclude it is probable a significant reversal would not occur until the fee is known at the end of each day when the constraint is resolved.

Revenue is recognised on a daily basis, which is when control of the promised services is transferred to customers. Revenue is recognised for the amount of the transaction price that is known and occurred for that day which is the amount that reflects the consideration the Company expects to receive in exchange for those services. Cash consideration is received monthly in arrears based on the daily average value of the customers investment.

Fund investment management ("Investment management fees")

The Company earns management fees and performance fees from investment management services provided to its funds. The funds have multiple investors, none of whom exercise significant influence over the fund individually, and where the fund can act with autonomy from investors in regards to operational matters. Each fund has a separate governance structure independent of the Company and fee arrangements are set by the fund through the contractual arrangement between the fund and the Company. The Company determined that the fund is considered to be the customer. Based upon the services promised in the contract, the Company considers its performance obligations in its customer contracts to be investment management services.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.6 Revenue recognition (continued)

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. Investment management fees are calculated by applying a percentage to invested capital under management in the fund on a daily basis and billed monthly. The investment management fee and performance fee are subject to factors outside the Company's control and are considered variable consideration. Therefore, estimates of future period fees are not included in the transaction price, as those estimates would be considered constrained. Cash consideration is received monthly in arrears.

Performance fee

Revenue is recognised when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company satisfies this performance obligation over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed. As the estimates of future fees are constrained, they are not included in the transaction price and are not recognised as revenue until it is probable that a significant reversal will not occur in the future. For performance fees, the company recognises revenue when it becomes highly probable a significant reversal will not occur. This is taken to be the crystallisation date at 30 April each period.

2.7 Goodwill

Goodwill is initially recognised and measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is reviewed for impairment annually at the annual reporting date. Goodwill is allocated to the Group's single cash-generating unit. The Cash-generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit, determined as the higher of its fair value less costs of disposal and its value in use, is less than the carrying amount of the unit, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.8 Intangible assets other than goodwill

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are:

Brand	10 years
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The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The Group has no intangible assets with indefinite useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.8 Intangible assets other than goodwill (continued)

Internally generated intangible assets

There are a number of factors taken into account when considering whether internally developed intangible assets meet the recognition criteria in IAS 38 Intangible Assets. Where they are capitalised, internally developed intangible assets are held at cost less accumulated amortisation and impairment losses. Such items are recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to them will flow to the Group and its cost can be measured reliably. Costs incurred in the research phase are expensed, whereas costs incurred in the development phase are capitalised, subject to meeting specific criteria, as set out in the relevant accounting standards and guidance, the main one being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the relevant intangible asset, which are:

Platform and other projects	10 years
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2.9 Client onboarding costs

Costs incurred in obtaining contracts with customers “client onboarding costs” are recognised as an asset. The asset is recognised following the criteria laid out in IFRS 15 as the costs represent the incremental costs of obtaining a revenue contract with clients. The group recognises client onboarding costs and fees as the incremental costs of obtaining contracts with customers and are amortised over the expected transfer of the services to the customer, which is estimated to be:

Client onboarding costs	20 years
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The amortisation period adopted is reviewed at the end of each reporting period, with the effect of any changes in estimate accounted on a prospective basis.

Client onboarding cost liabilities are recognised in line with the recognition of the client onboarding cost asset for the expected future payment of incremental costs to obtain a revenue contract not yet settled.

The Group performs impairment reviews on the carrying amount of the client onboarding costs and recognises any impairment in the Group Income statement.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost or valuation of assets, less their residual value over the useful lives of each asset on a straight-line method, as follows:

Leasehold improvements	Shorter of the expected lease term or the estimated useful life of the asset
Fixtures and fittings	Between 3 and 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.11 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior periods. Any increase in excess of this amount is treated as a revaluation increase.

2.12 Leases

The Group determines if an arrangement is, or contains, a lease at inception and classifies its leases at commencement. Where the group is a lessee, leases are included in right-of-use ("ROU") assets and current and noncurrent lease liabilities on the Group's consolidated balance sheets. ROU assets represent the Group's right to use an underlying asset for the lease term. The corresponding lease liabilities represent the Group's obligation to make lease payments arising from the lease.

Lease liabilities are presented in Financial Liabilities and are recognised based on the present value of the future minimum lease payments over the lease term at commencement. The Group has lease agreements which contain both lease and non-lease components. The Group makes an election on an asset class basis to determine if it elects the practical expedient allowed to not separate lease and non-lease components. Periods beyond the non-cancellable term of the lease are included in the measurement of the lease liability when it is reasonably certain that the Group will exercise the associated extension option or waive the termination option. The Group reassesses the lease term if and when a significant event or change in circumstances occurs within the control of the Group. The net present value of future minimum lease payments is determined using the implicit interest rate in the lease. If the implicit interest rate is not included in the lease, the discount rate is determined by the

Group's incremental borrowing rate. The Group's incremental borrowing rate is an estimate of the interest rate the Group would have to pay to borrow on a collateralized basis with similar terms and payments, in the economic environment where the leased asset is located. Lease liabilities are adjusted each period for interest on the leased asset and lease payments during the period.

The lease ROU asset is presented in Property Plant and equipment. It is initially recognised at cost which is based on the lease liability, adjusted for any rent payments or initial direct costs incurred or lease incentives received prior to commencement or restoration costs due at end of the lease. ROU assets are depreciated based on the shorter of the asset's useful life under IAS 16 or the lease term on a straight line basis.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at the amount of consideration that is unconditional. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

Trade and other receivables are measured at amortised cost less impairment.

Prepayments include expenditures related to future financial periods and are measured at amortised cost.

Cash and cash equivalents include cash at bank and deposits held in highly liquid money market funds that can be accessed instantly and are not considered to be subject to the risk of significant changes in value.

Impairment of financial assets

For financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group considers that default has occurred when a financial asset is more than 90 days past due. A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that financial asset have occurred such as significant financial difficulty of the borrower, a breach of contract or it is becoming probable the borrower will enter bankruptcy.

The Group write offs a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.12 Financial instruments (continued)

ii. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities include high yield bond, finance loan, revolving credit facilities, lease liabilities and are carried at amortised cost using the effective interest method.

2.13 Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to Fx rate including cross currency swaps. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.14 Hedge accounting

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 21. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability as the remaining maturity of the hedged item is more than 12 months.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.14 Hedge accounting (continued)

recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

2.15 Taxation

The income 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 period. Taxable profit differs from net profit as reported

in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

2. Accounting policies (continued)

2.15 Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.16 Accounting standards not yet in force

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.17 Exceptional items

An exceptional item is considered to be non-recurring and unusual in nature. These items are highlighted separately on the face of the consolidated income statement and are also disclosed within a note to the financial statements (see note 7). Due to the nature and expected infrequency of these items, separate presentation helps provide a better indication of the Groups underlying business performance and allows better understanding of financial performance in the period to facilitate comparison with prior periods and better assess trends.

3. Critical accounting judgements and estimates

The preparation of the financial statements requires Management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

Value of client onboarding costs

Client onboarding costs are recognised as assets and represent the value of the client onboarding costs paid by the firm. Client onboarding cost asset balances are stated at cost less accumulated amortisation.

Client onboarding costs are recognised on the date an agreement is made to onboard clients at a proportion of the client assets expected to be onboarded. As clients are onboarded the expected onboarding costs are adjusted to reflect the most up to date available information. The accounting estimate made in the assessment of onboarding cost valuation is the expected settlement of client assets onboarded, which management has assessed as following historic trend of onboarding rates.

The assessment of onboarding costs at initial recognition is not considered a critical accounting estimate but has been included here for completeness. No sensitivity has been performed given it is not considered a critical estimate.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

3. Critical accounting judgements and estimates (continued)

Expected life of client onboarding costs

Client onboarding costs are amortised over the expected transfer of services to the customer. Future results are impacted by the amortisation periods adopted, and potentially, may differ between expected and actual circumstances. Sensitivity to the amortisation period has been performed and the results are presented below:

	One period reduction in amortisation period £'000
Annual amortisation charge increase	1,182

Impairment of client onboarding costs

The contracts with customers obtained by the client onboarding costs have no specified end date. As such critical estimates in the assessment of carrying value of client onboarding costs are the expected attrition of assets from the platform and the expected term a client will hold assets with True Potential. Management monitor attrition closely, with historic attrition rates being maintained at approximately 7%, including client drawdowns, TP fees taken and customers leaving the platform. Management have used 7% as the attrition rate for its assessment of the carrying value of the assets. Reverse stress testing has been performed identifying that asset attrition could reach 18% before the carrying value of the assets would require impairment.

To ascertain an expected term a client holds assets with True Potential, management has considered the age profile of the customers obtained by the client onboarding costs, life expectancy in the UK and experience of customer practices as well as the client-by-client onboarding practice and historic experience of management to identify an expected term of 20 years based on drawdown pension arrangements of the average client obtained by the client onboarding costs. Management has concluded that the carrying value of the assets is supported by the expected revenue to be generated from the contracts with customers obtained from the development programs. Sensitivities to the estimates in the impairment assessment of client onboarding costs have been disclosed in note 4.

Intangible assets recognised on acquisition and amortisation period

As described in note 29, the Group acquired 100% of the share capital of True Potential Group Limited on 21 January 2022. As part of its assessment of the fair value of net assets acquired, management has identified a customer relationship intangible asset. Management has used a multi-period excess earnings model (MEEM) modelling techniques to estimate the fair value of the customer relationship asset at the date of acquisition. The assumptions in the model include significant estimation relating to the attrition rate of assets on the platform and contributory asset charges applied. Management have used 7% as the attrition rate in the model, with historic attrition rates being maintained at approximately 7%. Sensitivity analysis has been performed. An increase of 3% in the attrition rate to 10% would result in a 19% decrease in the acquisition date fair value of the customer relationship intangible of c.£88m. Contributory asset charges of 2% have been applied in the multi-period excess earnings model. An increase of 2% to 4% would result in a 4% decrease in the acquisition date fair value of the customer relationship intangible asset of c. £19m.

Significant judgement has been made in identifying the contributory assets. Management have identified working capital, fixed assets and platform and brand assets as contributing assets for which a charge is applied.

To ascertain an expected term a client holds assets with True Potential, management has considered the age profile of the customers obtained by the client onboarding costs, life expectancy in the UK and experience of customer practices as well as the client-by-client onboarding practice and historic experience of management to identify an expected term of 20 years based on drawdown pension arrangements of the average client, this period is consistent with the client onboarding cost amortisation period.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

4. Revenue from contracts with customers

i. Disaggregation of Revenue

Period ended 31 December 2022

	Adviser services £000	Wealth management Advice £000	Platform fees £000	Investment management fees £000	Total £000
Timing of revenue recognition					
Services transferred over time	3,925	100,095	78,271	120,450	302,741
Services transferred point in time	-	17,064	-	-	17,064
Total revenue from contracts with customers	3,925	117,159	78,271	120,450	319,805

ii. Contract balances

Client onboarding costs

	2022 £000
27 August 2021	-
Acquisition	-
Additions	235,842
Amortisation	(2,237)
31 December	233,605

Client onboarding costs are the incremental costs of obtaining contracts with customers. The client onboarding costs are recognised only if KB Group expects to recover these costs from the underlying revenue contracts and represents only those costs that would not have been incurred if the underlying revenue contract had not been obtained.

In the current period £235.8m of client onboarding costs have been added to the balance sheet. This represents managements best estimate of expected payments for the onboarding of revenue contracts. Cash paid in the period relating to onboarding costs has been recognised through movements in working capital in the statement of cash flows (Note 11).

A reconciliation to the figures presented in Note 11 has been performed below:

	2022 £000
Client onboarding cost additions	235,842
Movement in client onboarding liability	(27,125)
Increase in client onboarding costs per cashflow	208,717

Assessment of the carrying value of client onboarding costs contains significant judgement. Key areas of judgement include the discount rate on future cashflows, the expected recovery period, market growth expectations.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

4. Revenue from contracts with customers (continued)

Discount rate on future cashflows

In order to assess the present value of the future revenues expected from the client onboarding costs, management has used a weighted average cost of capital to apply as a discount rate, which includes judgement in the assessment of appropriate equity beta and non-listed premium. The discount rate applied in 2022 was 10.97%

Expected recovery period

The underlying contracts with customers are ongoing and have no end date. Management has therefore used judgement to ascertain the recovery period, including the expected length of the relationship with the customer within KB Group and in the wider market. Assessments of recovery have been performed over 20 periods.

Market growth expectations

Management has included in its 20 year recovery period assessment average annual market growth of 4%, based on historic trends of a balanced portfolio.

Sensitivity analysis

The table below details the separate percentage change required in each key assumption before the carrying value would exceed the recoverable amount, assuming all other variables remain the same:

Discount rate on future cashflow (increase to)	16%
Expected recovery period (decrease to)	9 years
Market growth (decrease to)	(1.5)%

5. Fee expenses

Fee expenses mainly comprises fees paid to financial advisers which amounted to £73.2m in 2022, and sub fund manager fees which amounted to £29.1m in 2022.

6. Administrative expenses

Other administrative expenses reported in the income statement includes:

	2022
	£000
Amortisation – intangible assets	50,223
Amortisation – client onboarding costs	2,237
Depreciation	1,351
Staff costs	20,751
Marketing	2,946
Regulatory fees and levies	3,643
Insurance	3,060
Platform and technology running costs	5,720
Other expenses	11,640
Total administrative expenses	101,571

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

7. Exceptional items

	2022 £000
Exceptional items	38,924

Exceptional costs of £38.9m were made up of professional fees in relation to the business combination and incurred in both the Company and True Potential Group. Also recognised as exceptional items are some employee costs incurred by True Potential Group in relation to the acquisition by Kane Bidco. In the cash flow statement and note 11, operating cash-flows have been reduced by £38.9m. All exceptional costs recognised in the period have been settled and no further costs relating to this are expected in 2023.

8. Auditors Remuneration

	2022 £000
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	40
Audit of the financial statements of the company's subsidiaries	352
Total Audit	392
Non-audit fees payable to the company's auditors	214
Fees payable to the auditors for other assurance services	318
	924

9. Alternative Performance measures (APMs)

EBITDA reconciliation	2022 £000
Operating profit	73,238
Add back: Exceptional items	38,924
Add back: Amortisation	52,460
Add back: Depreciation	1,351
EBITDA	165,973

Earnings before interest, depreciation and amortisation (EBITDA) as an APM is used by management as an industry comparator by removing company specific accounting estimates, financing arrangements and tax laws applicable to the jurisdiction in which the company operates. The closest relevant metric under International Financial Reporting Standards to start with is operating profit as per the Income Statement adding back amortisation (note 4 and 14) and depreciation (note 15).

10. Finance costs

	2022 £000
Finance charges payable on borrowings	55,448
Reclassification of expense on cashflow hedge	14,426
Interest on lease liabilities	78
Total finance costs	69,952

In January 2022 the Group repaid long-term borrowings of the subsidiary group incurred prior to acquisition, incurring early repayment fees of £17.5m. This has been included in finance charges payable on borrowings.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

11. Cash generated from operating activities

	2022
	£000
Cash flows from operating activities:	
Profit before tax	3,486
Adjustments for:	
Depreciation of property, plant and equipment and right of use assets	1,351
Amortisation of intangible assets	50,223
Amortisation of client onboarding costs	2,237
Impairment	-
Interest income	(200)
Interest expense	69,952
Operating cashflows before movements in working capital	127,049
Movements in working capital	
Increase in trade and other receivables	(8,930)
Increase in trade and other payables	3,396
Increase in client onboarding costs	(208,717)
Total movements in working capital	(214,251)
Operating cashflows after movements in working capital	(87,202)
Corporation tax paid	(18,493)
Net cash from operating activities	(105,695)

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

12. Taxation

i) Analysis of charge in the period

	2022 £000
<i>Current tax:</i>	
UK corporation tax	20,067
<i>Deferred tax:</i>	
Origination and reversal of timing differences	(5,819)
Adjustments in respect of acquired tax balances	36
Change in tax rates or laws	(1,838)
Total deferred tax charge / (credit)	(7,621)
Tax on profit	12,446

ii) Reconciliation of tax charge

The tax assessed on the profit for the period is the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2022 £000
Profit before taxation	3,486
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19%	662
Effect of:	
Disallowed expenses and non-taxable income	9,344
Adjustments in respect of prior periods	(119)
Fixed asset timing differences	(1,837)
Movement on intangible assets	4,396
Total tax charge for the period	12,446

iii) Factors affecting future tax charge

Finance Act 2021, which was substantively enacted on 24 May 2021, set the charge to Corporation Tax to 19% for Financial Period 2022 and to 25% with effect from 1 April 2023. Deferred tax balances in these accounts have been reflected at the rate at which they are expected to unwind.

	2022 £000
Movement in deferred tax liability during the period	
Acquired at 21 January 2022	6,790
Adjustments in respect of acquired tax balances	36
Adjustments in respect of business combination	127,207
Deferred tax charged / (credited) to profit and loss	(7,659)
At 31 December	126,374
Current deferred tax liability	7,866
Non – current deferred tax liability	118,508
Total deferred tax liability	126,374

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

12. Taxation (continued)

Deferred tax liabilities arise as a result of timing differences related fixtures, fittings, equipment, short leasehold buildings and right of use assets. There are no deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset is recognised.

Adjustments in respect of business combinations represents the deferred tax liability arising on the movement in fair value measurements of net identifiable assets on acquisition.

13. Directors and employees

i) Remuneration of Directors

The directors did not receive remuneration from the Group for their services during the period.

ii) Employee numbers and costs

	2022
	£000
Wages and salaries	18,316
Social security costs	2,072
Other pension costs	363
	20,751

The average monthly FTE staff numbers including directors during the period were:

	2022
	£000
Management and Administration	429

14. Goodwill and other intangible assets

On 21 January 2022 the Group acquired 100% of the voting share capital of True Potential Group Limited, a non-listed company based in England and Wales and specialising in investment management and advice to the UK market. The Group acquired True Potential Group Limited to establish its purpose as a UK investment management and advice group. As a result of the acquisition, £1,622m of goodwill was recognised, allocated to True Potential Group as a single cash generating unit. The goodwill recognised represents the growth potential identified and the assembled workforce in the existing True Potential Group. At 31 December 2022 the carrying value of goodwill was £1,622m, no impairments have been recognised in the period since acquisition. The acquisition accounting has been detailed in note 29 to these financial statements.

i) Recoverable amount of the cash generating unit

The carrying amount of goodwill has been allocated to TP Group Limited as the sole reportable segment and of the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. There was no impairment recorded for the period ended 31 December 2022.

The recoverable amount of TP Group is determined based on a value in use calculation which uses cash flow projections based on financial budgets seen and approved by the board covering a 3-year period, a pre-tax discount rate of 10.97% and cashflows beyond 3 years are extrapolated using a 2.0% growth rate applied to the net operating cashflows of the outer period to perpetuity.

ii) Key assumptions used in the value in use calculation

The calculation of value in use for TP group is most sensitive to the discount rate and expected future cashflows.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

14. Goodwill and other intangible assets (continued)

The discount rate reflects management's estimate of the weighted average cost of capital of the Group pre-tax. This is the benchmark used by management to assess operating performance and evaluate proposals.

The expected cashflows reflect how management believes the business will perform over the 3-year period and is used to calculate the value in use of the CGU, including growth of assets under management year-on-year as a result of market growth and onboarding of customers.

iii) Sensitivities to assumptions

Management considers a maximum reasonable possible change in the assumption used in the value in use calculation to be a 5% movement in the discount rate or a 5% movement in the cashflow assumptions.

In both sensitivities tested there remains significant headroom above the carrying value of net assets.

Intangible assets other than Goodwill:

	Brand £000	Customer relationships £000	Internally generated assets £000	Other intangibles £000	Total £000
Cost					
At 27 August 2021					
Acquired	49,861	885,207	21,142	353	956,563
Additions	-	-	545	-	545
At 31 December 2022	49,861	885,207	21,687	353	957,108
Accumulated amortisation and impairments					
At 27 August 2021	-	-	-	-	-
Charge for the period	7,240	40,574	2,295	114	50,223
At 31 December 2022	7,240	40,574	2,295	114	50,223
Net Book value					
At 31 December 2022	42,621	844,633	19,392	239	906,885

Internally generated assets are primarily capitalised staff costs allocated to development projects. Staff costs are capitalised from the point the asset is likely to be completed. Amortisation commences from the point the asset is in full use over a period of 10 years.

Other intangibles assets represent software licences acquired by the Group. Software licences are amortised over the terms specified in the licence which currently range from 3-5years.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

15. Property plant and equipment

	Fixtures, fittings and Equipment £000	Short leasehold buildings £000	Total £000
Cost			
At 27 August 2021	-	-	-
Acquired	3,567	1,745	5,312
Additions	608	-	608
At 31 December 2022	4,175	1,745	5,920
Depreciation and impairments			
At 27 August 2021			
Charge for the period	1,034	317	1,351
At 31 December 2022	1,034	317	1,351
Net book value			
At 31 December 2022	3,141	1,428	4,569

16. Leases

i) Right of use assets

	Right of use equipment assets £000	Right of use Property assets £000	Total £000
Cost			
At 27 August 2021	-	-	-
Acquired	622	1,745	2,367
At 31 December 2022	622	1,745	2,367
Depreciation and impairments			
At 27 August 2021	-	-	-
Charge for the period	222	317	539
At 31 December 2022	222	317	539
Net book value			
At 31 December 2022	400	1,428	1,828

The total right of use assets above have been included in property plant and equipment on the face of the consolidated balance sheet and in note 15, with equipment being presented in fixtures, fittings and equipment and property being presented in short leasehold buildings.

ii) Lease liabilities

Lease liabilities are presented on the consolidated balance sheet within current and non-current financial liabilities. The tables below show the lease liabilities within the group on a discounted basis and the maturity analysis of the contractual undiscounted lease payments:

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

16. Leases (continued)

	2022
	£000
Lease liabilities	690
Current	1,244
Non-current	1,934
Total lease liabilities	1,934

	2022
	£000
Maturity analysis – undiscounted lease liabilities	690
Within one year	509
Greater than one year but less than two years	798
Greater than two years but less than five year	-
Greater than five years	-
Total undiscounted lease payments	1,997

Reconciliation of the opening to closing lease liabilities

	2022
	£000
Carrying value at 27 August 2022	-
Additions	-
Acquired	2,441
Interest expense	78
Repayment of lease liabilities	(609)
Lease adjustments	24
Carrying value at 31 December	1,934

iii) Amounts recognised in the Consolidated income statement

	2022
	£000
Interest on lease liabilities	78
Depreciation on right of use assets	539

iv) Amounts recognised in the Consolidated cashflow statement

	2022
	£000
Total cash outflow for leases	(609)

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

17. Trade and other receivables and other assets

	2022
	£000
Current	
Prepayments	5,121
Platform fees due	7,187
Fund management fees due	11,714
Advice fees due	10,601
Loans to advisers	43
Intercompany receivable - Kane Midco	235
Other debtors	3,289
Total current	38,190

Trade receivables is made up of platform fees, fund management fees and advice fees which are satisfied in the month following the reporting date.

Other debtors represent multiple smaller receivable balances not exceeding £2.6m for the period ended 31 December 2022.

Loans to advisers are recognised in line with IFRS 9, at amortised cost less any provision for expected credit loss. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the loans as such management has assessed the expected credit loss to be materially close to nil for 2022. This will continue to be reviewed in line with IFRS 9.

18. Cash and cash equivalents

	2022
	£000
Cash held at bank	49,466
Investment in liquidity funds	11,775
Cash and Cash equivalents	61,241

19. Trade and other payables

	2022
	£000
Current	
Trade payables	211
Other taxes and social security	812
Accruals	8,806
Sub fund manager fees	7,295
Adviser fees	7,235
Other payables	3,322
Total current	27,681

Trade payables represents payments due on all overhead expenditure with settlement being made within 30 days.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

19. Trade and other payables (continued)

Sub fund manager fees represents payments due to sub fund managers for the investment management of the True Potential funds with settlement being made between 30 – 120 days.

Adviser fees represents payments due to wealth management partners for the servicing of customer advice with settlement being made within 30 days.

20. Financial liabilities

	2022
	£000
Current	
Current lease liabilities	690
Current client onboarding liabilities	96,200
Finance loan	60
Accrued interest	16,810
Total current	113,760
Non-current	
Non-current lease liabilities	1,244
Non-current client onboarding liabilities	6,810
High yield bonds	702,098
Revolving credit facility	85,000
Trust loan	29,347
Finance loan	55
Total non-current	824,554

i) Client onboarding liabilities

Client onboarding liabilities contains the amounts payable in relation to the increase in client onboarding cost assets recognised for customer relationships.

ii) High yield bond issuance

On 21 January 2022 the Group issued £400m GBP and €360m high yield bonds on The International Stock Exchange (TISE), with coupon of 6.5% and 5% respectively. See note 21 for the cross currency swap details relating to the Eurobond.

iii) Revolving credit facility

On 21 January 2022 the Group entered into a Revolving credit facility for up to £100m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum £100m facility. Interest on the RCF is SONIA plus 3.5%. At 31 December 2022 the amount drawn on this facility was £85m.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

20. Financial liabilities (continued)

iv) Trust loan

The Group entered into a loan agreement with the TP discretionary trust with a loan of £36.5m on 21 January 2022. Interest on the trust loan is tied to the UK base rate. At 31 December 2022 the outstanding balance of the loan was £29.3m.

Cashflows from financing activities

	at 27 August 2022	Acquired	cashflow	Lease liability movements	FX movement	Unwind and fees	at 31 December 2022
Short term liabilities	-	11,100	(57,540)	8	-	63,992	17,560
Long term liabilities	-	589,219	204,358	(514)	18,721	5,960	817,744
	-	600,319	146,818	(506)	18,721	69,952	835,304

Short term liabilities relate to lease liabilities, finance loans and accrued interest.

Long term liabilities relate to acquisition loan facility, revolving credit facility, finance loan and lease liabilities.

21. Derivative financial instruments

The accounting policy for derivative financial instruments is set out in Note 2

Derivative financial instruments that are designated and effective as hedging instruments carried at fair value at 31 December 2022 were as follows:

	2022 £000
Fx Rate Risk	
<i>Cross Currency swap asset*</i>	13,928

*The total nominal amount is £128.7M with maturity of 5 years (Dec 2026).

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

22. Provisions

	Complaints Provision	Total Provisions
	£000	£000
27 August 2021	76	76
Provided for in the period	3,076	3,076
Utilised during the period	(15)	(15)
Released in the period	-	-
31 December 2022	3,137	3,137

Complaints provisions

Complaints provisions held within True Potential Wealth Management LLP relate to the expected cost of correcting deficiencies, compensation and redress associated with financial advice given. The provision represents managements best estimate of expected outcomes based on previous experience and a review of the details of each case. Management maintains Professional Indemnity Insurance with an FCA compliant limit of indemnity to mitigate this risk and in the event of complaints payments, would anticipate full recovery up to the limit of indemnity after application of the Group's excess. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. The best estimate of the timing of outflows is that the majority of the balance is expected to be settled within 12 months.

23. Share capital

Allotted and fully paid up share capital	Shares	£000
Issued at 27 August 2021	1	-
Issued at 21 January 2022	1,795,169,676	1,795,170
Cancelled at 21 January 2022	(1)	-
Total share capital at 31 December 2022	1,795,169,676	1,795,170

On 21 January 2022 Kane Bidco Limited issued 1,795,169,676 ordinary shares at par for cash.

24. Hedge reserve

	2022
	£000
Balance at 27 August 2021	-
Gain arising on changes in fair value of hedging instruments during the period	(11,248)
Income tax related to gains/(losses) recognised in other comprehensive income during the period	-
Loss reclassified to profit or loss – hedged item has affected profit or loss*	14,426
Balance at 31 December	3,178
Of which	
Balance related to continuing cash flow hedges	3,178

* Loss has been reclassified to finance costs in the profit and loss account (note 10)

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

25. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

Assets and liabilities measurement grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Significant observable inputs

At 31 December 2022 £11.8m of money market funds held within cash and cash equivalents were held at FVTPL using level 1 valuation.

At 31 December 2022 £13.9m of derivative financial instruments were held at Fair value using level 2 valuation.

The carrying amounts of financial instruments such as cash, current trade and other receivables and trade payables approximate their fair values due to their short-term nature and limited fluctuations in value.

26. Financial risk management

The Group has various financial assets and liabilities such as receivables, cash and trade payables, which arise directly from its operations.

The Group is exposed through its operations to the following financial risks:

- i. Liquidity risk
- ii. Capital risk management
- iii. Credit risk
- iv. Market risk

i) Liquidity risk

Ultimate responsibility for liquidity management rests with the Board, which has established a liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The group has access to further financing if required in the form of additional funding via share capital from its direct parent Kane Bidco Limited.

Cash at bank earns interest at floating rates based on daily bank overnight deposit rates. The fair value of cash and cash equivalents at 31 December 2022 is £61.1m.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted payments.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

26. Financial risk management (continued)

Period ended 31 December 2022

	<3 months £000	3–12 months £000	1 to 5 years £000	>5 years £000	Total £000
Trade and other payables	16,962	-	-	-	16,962
High yield bonds	-	-	700,000	-	700,000
RCF	-	-	85,000	-	85,000
Derivative cash flows	10,298	10,130	51,211	-	71,639
Lease liabilities	173	517	1,307	-	1,997
Client onboarding liabilities	16,220	79,980	6,810	-	103,010
Finance loan	60	-	55	-	115
Total	43,713	90,627	844,383	-	978,723

Balances due within 12 months in the tables above equal their carrying balances, because the impact of discounting is not significant.

ii) Capital risk management

The Group manages its capital with a focus on maintaining its ability to continue as a going concern while optimising return relative to risks. The Group ensures it can always meet its expected capital and financial needs having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group.

The primary source of capital used by the Group are equity shareholders' funds of £1,769m.

The subsidiaries of the Group are subject to regulatory capital requirements supervision by the Financial Conduct Authority. The direct subsidiary, True Potential Group is required to measure and monitor its capital resources under the MIFIDPRU requirements at a Group level and under IPRU-INV and IFPRU requirements in its individually regulated subsidiaries, and has complied with this requirement throughout the period.

iii) Credit risk

Credit risk is the risk of adverse movements in credit spreads, credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, concentration risk and spread risk.

The group is exposed to a credit risk in the form of non-return of cash on deposit and recovery of loans to advisers. This is managed by the Group by only placing funds with minimum BBB rated leading UK banks for non-return of cash on deposit. For recovery of loans to advisers, the repayment of the loan is settled by fees generated from the client assets transferred. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the loans. Management has assessed the expected credit loss to be materially close to nil for 2022 for all financial assets.

Due to the limited exposure that the Group has to credit risk, credit risk does not have any impact on the fair value movement of financial instruments for the period under review.

The table below represents the Groups exposure to credit risk from cash and cash equivalents:

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

26. Financial risk management (continued)

31 December 2022

	AAA	AA	A	BBB	<BBB	Carrying value
	£000	£000	£000	£000	£000	£000
Cash at amortised cost	-	-	-	49,350	-	49,350
Money market funds at FVTPL	11,775	-	-	-	-	11,775
Total cash and cash equivalents	11,775			49,350		61,125

The expected credit loss of the group has been assessed as nil for the period ended 31 December 2022 as materially all the fees due to the Group are settled via the funds under management, with minimal settlements directly via invoicing. As a result, the Group has relative certainty over the collection of fees due.

iv) Market Risk

Market risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. Market risk arises from changes in equity, bond and property prices, interest rates and foreign exchange rates. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held. The Group recognises that climate change and other environmental risks can contribute to market risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including cross currency swaps to mitigate the risk of foreign exchange rate.

The Group has a market risk policy which sets out the risk management framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements which are used to monitor and manage market risk. The policy is cascaded to the businesses across the Group, and Group-level governance and monitoring processes provide oversight of the management of market risk by the individual businesses.

The Group is exposed to foreign exchange rate risk because entities in the Group borrow funds at fixed interest rates in foreign currency. The risk is managed by the Group by maintaining an appropriate mix by the use of cross currency swap contracts. Management is applying cash flow hedge over an Euro Fixed Rate Debt (notion €360m, 5% rate) with 3 Cross Currency Swaps (Total: Pay Fixed GBP £300m at 6.8% and received fixed EUR €360m at 5%), both the hedged item and hedging instruments match the maturity and coupon payment terms. A reasonably possible change in EUR exchange rates, with all other variables constant, of 3% would result in:

Change	Impact to OCI £'000
3% increase in EUR to GBP	6,283
3% decrease in EUR to GBP	(13,224)

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group does not undertake any principal trading for its own account. The Group's revenue is however affected by the value of assets under management and consequently it has exposure to equity market levels and economic conditions. Scenario testing is undertaken to test the resilience of the business to severe but plausible events, including assessment of the potential implications of climate-related risks and opportunities, and to assist in the identification of management actions. The key sensitivity to market risk is the carrying value of the client onboarding costs and Customer relationship intangibles. Sensitivity analysis has been disclosed to this in note 4 for client onboarding costs and note 3 for customer relationship intangibles.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

27. Related party transactions

Balances and transactions between the Parent and its subsidiaries have been eliminated on consolidation and are not presented in this note. Transactions with key management personnel have been disclosed in note 13.

Other related parties

During the period ended 31 December 2022, the Group entered into transactions with its parent company, Kane Midco Limited as follows.

	2022 £'000	2022 £'000
	Loans to Kane Midco during the period 235	Amounts owed by related parties -
Kane Midco Limited		

28. Subsidiaries

Subsidiary undertaking	TP group Holding	TP Group shareholder	Proportion of ordinary shares held	Nature of business
True Potential Group Limited	Direct	Kane Bidco Limited	100%	Holding company
True Potential LLP	Indirect	True Potential Group Limited	100%	Holding company
True Potential Holdings limited	Indirect	True Potential LLP	100%	Dormant company
True Potential Adviser Services LLP	Indirect	True Potential LLP	100%	Provision of services to financial services distribution firms
True Potential Investments LLP	Indirect	True Potential LLP	100%	Investment management firm
True Potential Wealth Management LLP	Indirect	True Potential LLP	100%	Wealth management firm
True Potential Nominees Limited	Indirect	True Potential LLP	100%	Platform custodian
True Potential Trustee Company Limited	Indirect	True Potential LLP	100%	Pension trustee
True Potential Administration LLP	Indirect	True Potential LLP	100%	Authorised corporate director
Trem Holdings Limited	Indirect	True Potential Wealth Management LLP	100%	Holding firm
C&S Wealth Management Limited	Indirect	True Potential Wealth Management LLP	100%	Holding firm

The Registered address of each Subsidiary above is:

Newburn House Gateway West, Newburn Riverside, Newcastle Upon Tyne, Tyne and Wear, England, NE15 8NX

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

29. Acquisitions

Acquisition of True Potential Group Limited

On 21 January 2022 the Group acquired 100% of the voting share capital of True Potential Group Limited, a non-listed company based in England and Wales and specialising in investment management and advice to the UK market. The Group acquired True Potential Group Limited to establish its purpose as a UK investment management and advice group.

Assets acquired and Liabilities assumed:

The fair values of the identifiable assets and liabilities of True Potential Group Limited as at the date of acquisition were:

	Fair value recognised on acquisition
	£'000
Assets	
Intangible assets	956,563
Property, plant and equipment	5,301
Client onboarding costs	-
Trade and other receivables	29,259
Cash and cash equivalents	34,575
Liabilities	
Trade and other payables	(27,406)
Financial liabilities	(677,317)
Deferred tax	(133,996)
Current tax	(7)
Total identifiable net assets at fair value	186,971
Goodwill arising on acquisition	1,621,702
Purchase consideration transferred	1,808,674

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The fair value of Customer relationships intangible asset has been measured using a multi-period excess earnings model, taking into consideration in force contracts at the date of acquisition, expected attrition, direct costs margin, and contributory asset charges. Assumptions relating to attrition and contributory asset charges are considered to be significant estimates in the model. Sensitivity analysis has been disclosed in note 3 to these financial statements.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of £1,622m comprises the growth potential and assembled workforce. Goodwill as allocated to True Potential Group as a whole.

From the date of acquisition True Potential Group Limited contributed £319.8m of revenue and £107m to Profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been £337.9m and profit before tax from continuing operations for the Group would have been £115.3m.

Kane Bidco Limited

Notes to the consolidated financial statements (continued)

For the period ended 31 December 2022

29. Acquisitions (continued)

Purchase consideration

	£'000
Cash	1,808,674
Total consideration	1,808,674

Analysis of cashflows on acquisition

	£'000
Transaction costs of the acquisition (included in operating activities)	(15,504)
Net cash acquired with the subsidiary (included in cashflows from investing activities)	34,575
Net Cash paid for acquisition of subsidiary	(1,808,674)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	-
Net cashflow on acquisition	(1,789,603)

Transaction costs of £15.5m were expensed and are included in exceptional items.

30. Ultimate controlling party

The immediate parent undertaking is Kane Midco Limited, a Jersey registered company. There is no single ultimate parent undertaking. Cinven Capital Management (VII) General Partner Limited exercises its power on behalf of various funds, none of which control Kane Bidco Limited.

31. Events after the reporting period

In February 2023 management secured additional debt funding of £50m to support the growth strategy of the business. This additional financing along with current available facilities and cash at 31 December 2022 and the underlying cash generation of the business, excluding client onboarding costs assets, gives the Board confidence that there are sufficient resources available to meet ongoing operation and capital requirements.

Company balance sheet

For the period ended 31 December 2022

	Note	2022 £000
Non-current assets		
Investment in subsidiaries	3	2,572,604
Total non-current assets		2,572,604
Current assets		
Trade and other receivables	4	235
Financial assets		13,928
Cash and cash equivalents		115
Total current assets		14,278
Total assets		2,586,882
Current liabilities		
Trade and other payables	5	(38,791)
Financial liabilities		(16,810)
Total current liabilities		(55,601)
Non-current liabilities		
Financial liabilities		(816,445)
Total liabilities		(872,046)
Net assets		1,714,836
Equity		
Share capital		1,795,170
Hedging reserve		(3,178)
Accumulated losses		(77,156)
Total equity		1,714,836

The notes on pages 57 to 60 form a part of these financial statements.

The financial statements were approved by and signed on behalf of the Board by:



Rebecca Hunter
Director
31 May 2023

Company statement of changes in equity

For the period ended 31 December 2022

	Share Capital £000	Hedging reserves £000	Accumulated losses £000	Total equity £000
31 December 2022				
Balance at 27 August 2021	-	-	-	-
Loss for the period	-	-	(77,156)	(77,156)
Other comprehensive income		(3,178)	-	(3,178)
Total comprehensive income	-	(3,178)	(77,156)	(80,334)
Issue of shares	1,795,170	-	-	1,795,170
Dividends	-	-	-	-
Balance at 31 December 2022	1,795,170	(3,178)	(77,156)	1,714,836

The notes on pages 57 to 60 form a part of these financial statements.

Notes to the parent company financial statements (continued)

For the period ended 31 December 2022

1. Accounting policies

Financial instruments

(i) Financial assets

Basic financial assets, including other debtors, cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Debt instruments are subsequently measured at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives

The Company enters into a variety of derivative financial instruments to manage its exposure to Fx rate including cross currency swaps. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other gains and losses' line item.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 21. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability as the remaining maturity of the hedged item is more than 12 months.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Notes to the parent company financial statements (continued)

For the period ended 31 December 2022

1. Accounting policies (continued)

Hedge accounting (continued)

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Administrative expenses

All administrative expense in Kane Bidco Limited and its subsidiaries are recognised on an accruals basis.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and contracted rates, including expectation of future events that are believed to be reasonable. Management has not identified any critical accounting judgements or estimates used in the preparation of the financial statements of the parent company.

2. Staff costs

No emoluments were paid by the company in the period. The aggregate emoluments paid to key management of the Group and the remuneration of the highest paid key management can be found in Note 13 of the Group Financial Statements.

3. Investment in subsidiaries

Details of the subsidiaries held directly and indirectly by the Company are shown in Note 28 of the Group Financial Statements.

	2022
	£000
At 27 August 2021	-
Additions	2,572,604
Impairment	-
At 31 December 2022	2,572,604

During the period, Kane Bidco acquired True Potential Group Limited. Acquisition accounting has been presented in note 30 to the Group Financial Statements. Subsequent to acquisition, Kane Bidco invested a further £763m into True Potential Group, funded via the issuance of high yield bonds and an RCF, to support the growth strategy of the business.

Notes to the parent company financial statements (continued)

For the period ended 31 December 2022

4. Trade and other receivables

	2022 £000
Current	
Amounts owed by group undertakings	235
Total trade and other receivables	235

5. Trade and other payables

	2022 £000
Current	
Trade creditors	1,100
Amounts owed to group undertakings	34,882
Accruals	2,809
Total trade and other payables	38,791

6. Financial Liabilities

	2022 £000
Accrued interest	16,810
Total current	16,180
Non-current	
High yield bonds	702,098
Revolving credit facility	85,000
Trust loan	29,347
Total non-current	816,445

i) High yield bond issuance

On 21 January 2022 the Group issued £400m GBP and €360m high yield bonds on The International Stock Exchange (TISE), with interest of 6.5% and 5% respectively.

ii) Revolving credit facility

On 21 January 2022 the Group entered into a Revolving credit facility for up to £100m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum £100m facility. Interest on the RCF is SONIA plus 3.5%. At 31 December 2022 the amount drawn on this facility was £85m.

iii) Trust loan

The Group entered into a loan agreement with the TP discretionary trust with a loan of £36.5m on 21 January 2022. Interest on the trust loan is tied to the UK base rate. At 31 December 2022 the outstanding balance of the loan was £29.3m.

Notes to the parent company financial statements (continued)

For the period ended 31 December 2022

7. Derivative financial instruments

The accounting policy for derivative financial instruments is set out in Note 1

Derivative financial instruments that are designated and effective as hedging instruments carried at fair value at 31 December 2022 were as follows:

	2022
Fx Rate Risk	£000
<i>Cross Currency swap asset</i>	13,928

*The total nominal amount is £128.7M with maturity of 5 years (Dec 2026).

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

8. Share capital

Allotted and fully paid up share capital	Shares	£000
Issued at 27 August 2021	1	-
Issued at 21 January 2022	1,795,169,676	1,795,170
Cancelled at 21 January 2022	(1)	-
Total share capital at 31 December 2022	1,795,169,676	1,795,170

On 21 January 2022 Kane Bidco Limited issued 1,795,169,676 ordinary shares at par for cash.

9. Risk management

Risk management in the context of the Group is considered in the Group Financial Statements note 26. The business of the company is managing its investments in subsidiaries. Its risks are considered to be the same as those in the operations themselves, and full details of the major risks and the Group's approach to managing these are given in the Group Financial Statements. There are no material assets or liabilities other than investment in subsidiaries and corresponding intercompany balances which require further risk management by the company specifically.

10. Related party transactions

There are no emoluments for directors of the company. The key management of the Company are considered to be the same as for the Group. Information on both the Company and the Group key management compensation can be found in notes 13 and 27 to the Group Financial Statements. Transactions between the Company and related parties are detailed in note 27 to the Group Financial Statements.

11. Events after the reporting period

In February 2023 management secured additional debt funding of £50m to support the growth strategy of the business. This additional financing along with current available facilities and cash at 31 December 2022 and the underlying cash generation of the business, excluding client onboarding cost assets, gives the Board confidence that there are sufficient resources available to meet ongoing operation and capital requirements.