Kane Bidco Limited

Annual Report and Financial Statements

For the year ended 31 December 2024

Jersey Registered Number: 137782

Kane Bidco Limited

Annual Report and Financial Statements for the year ended 31 December 2024

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Kane Bidco Limited

Directors and advisers for the year ended 31 December 2024

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Jodi Balfe

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Independent auditors
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Strategic Report for the year ended 31 December 2024

PRINCIPAL ACTIVITIES

Kane Bidco Limited ("the Company") is the parent company of True Potential Group Limited. On consolidation, they form the Kane Bidco Group ("the Group"). The Group's principal activities are the provision of financial advisory and investment management services, and support services to retail investors and financial advisers. The Company is a subsidiary of Kane Midco Limited.

REVIEW OF BUSINESS

Summary

2024 signalled a new chapter for the Group, with Daniel Harrison, who has been an integral part of the business since it was founded, stepping down as the Chief Executive Officer of True Potential Group Limited. We are delighted that Gerry Mallon has joined as his replacement in early 2025, building on the entrepreneurial spirit and disrupter mindset of the founders of True Potential.

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 Group's strategy of deployment of our hybrid advice model to UK investors. A reconciliation of adjusted earnings before interest, tax, depreciation, amortisation and exceptional costs ("adjusted EBITDA") has been included in Note 10 alternate performance measures ("APMs") of these financial statements.

	Type	2024	2023	Variance
Gross inflows (£'bn)	KPI – APM	4.7	6.2	(24.2)%
Net inflows (£'bn)	KPI – APM	1.8	3.9	(53.8)%
Assets under management (£'bn)	KPI – APM	32.8	28.5	15.1%
Gross revenue (£'000)	Statutory	498,894	406,451	22.7%
Net revenue (£'000)	Statutory	346,888	278,722	24.5%
Adjusted EBITDA (£'000)	APM	268,487	218,880	22.7%
(Loss) / profit before tax (£'000) - restated	Statutory	(229,428)	79,258	(389.5)%
Cash and cash equivalents (£'000)	Statutory	216,891	129,694	67.2%

Assets under management and flows

The Group defines gross inflows as client assets introduced and invested on the True Potential Wealth Platform ("the Platform") in the year and is not a statutory financial measure. Gross inflows for the year to 31 December 2024 were £4.7bn (2023: £6.2bn), with net inflows of £1.8bn (2023: £3.9bn), due to the client recruitment activities reducing in the year, as the Group evolves its client onboarding programmes. The Group defines assets under management ("AuM") as True Potential client assets invested on the Platform. AuM as at 31 December 2024 were £32.8bn (2023: £28.5bn). The asset inflows underpin the growth in assets under management.

Financial performance

The Group recorded its highest ever gross revenue at £498.9m, (2023: £406.5m). Included within revenue for the year was a performance fee of £23.0m (2023: £nil) as a result of the unit price of individual True Potential Growth Aligned Funds exceeding their high watermark as at 30 April 2024. In line with the 2024 Assessment of Value, available on the True Potential website, performance fees have been discontinued from 1 October 2024. Net revenue increased to £346.9m (2023: £278.7m) and adjusted EBITDA was £268.5m (2023: £218.9m).

A loss before tax of £229.4m (2023 restated profit before tax: £79.3m) was generated, following recognition of exceptional costs of £333.5m (2023: £4.3m). The significant exceptional costs for the year are expected to be one-off in nature and are discussed below. The total comprehensive expense recognised in the year of £235.8m (2023: restated total comprehensive income £53.3m) includes gains reclassified from other comprehensive income to profit or loss.

REVIEW OF BUSINESS (CONTINUED)

Goodwill
Goodwill arising on the purchase of the subsidiary True Potential Group Limited in 2022 is tested annually for impairment. At 31 December 2024, Management determined that the carrying value of goodwill exceeded its value in use after assessing the future cashflows earned in the Group's trading activities, leading to an impairment of £221.5m (2023: £nil). The impairment of goodwill is a critical accounting estimate discussed in Note 3.

Suitability of client transfer provision
Following ongoing engagement with the FCA, a Skilled Person was appointed to review the suitability of client transfers into the Group. This review was undertaken during 2024, and is now complete, however, our work on the outcomes of the review is ongoing.

The Skilled Person review identified that there may have been clients whose investments were not appropriately transferred into the Group. Management has therefore undertaken a risk assessment of all transfer contracts offered and concluded that the risk was present in investment products that were transferred through the adviser recruitment programme that commenced in 2018. With the support of external specialists, the clients transferred in under this programme have been analysed into different cohorts considering a range of risk factors to establish the suitability of transfer and, if appropriate, the cohort has been considered for potential redress.

Using an approach which would restore a client's position had the transfer not occurred, including taking account of the investment performance, a provision of £95.5m, inclusive of costs to operate the redress scheme, has been recognised at 31 December 2024 based on current best estimates of the redress payable as at the balance sheet date. Additional details are contained within Note 23 of the accounts.

In addition, the recruitment programme has been revised, with new processes put in place in 2024 to ensure good client outcomes.

Annual Suitability Reviews ("ASR") provision
The appropriateness of ongoing advice is central to how we operate and annual reviews of client circumstances are completed to ensure that their investments remain suitable. For a limited number of clients, there may be instances where an ASR has not been completed on an annual basis and there is insufficient evidence that appropriate attempts to deliver the suitability review were made.

Since 2021, we have operated a policy to refund ongoing advice fees on an annual basis where sufficient attempts to deliver ASRs cannot be evidenced and if necessary after three years of ASR non-completion switching off all fees. Notwithstanding this policy, we have taken the opportunity in 2024 to complete a detailed retrospective review of ASR completions from 2018 - 2024. As a result of this review, a provision of £4.9m has been recognised in respect of fees that may need to be refunded to clients, inclusive of costs to perform the redress of impacted clients. Additional details are contained within Note 23 of the accounts.

We support in full the FCA's industry wide review of ongoing advice and continue to monitor the changing advice landscape to ensure the most appropriate advice outcomes for our clients.

REVIEW OF BUSINESS (CONTINUED)

Exceptional items

The impairment to goodwill of £221.5m (2023: £nil) and provision costs of £100.4m (2023: £nil) above have been recognised as exceptional costs with further detail in Note 7. In addition, Group transformation costs of £4.9m (2023: £nil) relating to investment in the operational effectiveness of the Group, Head Office and staff have been incurred. This includes the one-off implementation of new software, which does not meet the criteria for capitalisation as an intangible asset, training and development and other professional and consultancy fees. The transformation costs are ongoing and further expenditure is expected in 2025.

Historic VAT costs of £3.5m (2023: £nil) have been recognised for amounts payable on both historic intercompany recharges and overseas supplies following Group registration for VAT, as well as the associated penalties and interest. Other exceptional costs incurred in 2024 included senior staff sign-on and severance bonuses not included as part of regular contractual remuneration for employees and fees incurred relating to the transition of the Group fund depository. These costs are considered one-off in nature.

Financial position

The Group has net assets of £1,600.5m at 31 December 2024 (2023 restated: £1,836.3m). The decrease in net assets was driven by the impairment to goodwill and provisions recognised in the year.

At 31 December 2024 the Group held £216.9m in cash and cash equivalents, an increase from £129.7m in 2023, to support the regulatory capital position of the Group, service debt and retain for investment. The external debt held by the Group was £1,110.7m (31 December 2023: £1,019.9m). Management assesses financial risks associated with Group borrowings and performs ongoing forecasting to ensure that the Group will continue to meet its commitments as they fall due.

The Group has added £117.5m to client onboarding assets in 2024 (2023: £185.6m), net of adviser clawbacks. This represents Management's best estimate of expected and actual payments for the onboarding of revenue contracts, less any amounts recoverable where initial payments made to financial advisers exceed the final cost to obtain the revenue contracts. Management has concluded that no impairment exists to Group client onboarding assets at 31 December 2024.

Recruitment activities

In 2024, new adviser and client recruitment activities have been explored by the Group, following the end of historic client asset acquisition programmes. A new loan offer has been made to financial advisers to provide bridging capital as they transfer across clients to Group services. Further detail on adviser loans is provided in Note 18.

Prior year restatement

A prior year adjustment has been reflected in all Primary Statements in relation to the correction of over-accrued interest costs on external borrowings, following a manual error. The impact of the interest adjustment was a reduction to prior year interest expense and interest payable of £7.7m, increasing profit before tax. The tax impact of this was also reflected, with an increase in the tax charge and liability of £1.8m, with an overall net impact of increased profit for the year. Due to hedge relationship embedded in the restated items, a reduction to other comprehensive income and the hedge reserve was included of £1.6m, relating to the change in the fair value of derivatives. The total comprehensive income of £49.0m has been restated to £53.3m. Details on the restatement is shown in Note 33.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the Group are regulatory risks and market risks, with FCA regulated subsidiaries of the Group offering wealth management advice, investment management and fund administration to the UK market.

The Group engages in ongoing dialogue with the regulator and is fully supportive of present changes in the UK wealth management market in the aim to create better client outcomes and protect investments. In 2024, we have worked with the FCA, and a Skilled Person, to deal with issues related to Group historic client onboarding practices.

The Group is conscious of its impact to consumers. In line with the FCA's February 2025 review into ongoing advice, the Group has taken the opportunity to complete a review of the adequacy of client investment reviews. Client circumstances are reviewed annually to ensure that their investments remain suitable and we are aware of the importance of strengthening this process to protect our client and adviser interests. Adverse client outcomes could give rise to reputational damage which could impact the carrying value of assets on the Consolidated Statement of Financial Position. Reputational damage could cause an outflow of client assets from the Platform, reducing the ability of the Group to generate income.

Other regulatory risk is managed in the regulated subsidiaries through robust systems and controls to ensure compliance with 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 significant external borrowings and must comply with debt covenants, resulting in credit risk on borrowings. Management monitor debt levels and covenant compliance requirements monthly. Cash flow forecasting is used to ensure that covenants are and will continue to be met in future periods. Significant cash balances have been built in the year to service debt and for investment. Where new borrowing is considered, Management assesses the potential impact to covenant compliance and the cost of taking on new debt. The Group has limited exposure to credit risk on receivable balances, as significant receivables are expected to be converted into cash within a short period of time. The Group manages exposure to price risk, credit risk and liquidity 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 £32.8bn (as at 31 December 2024) of client assets under management. Cyber risks are mitigated through our IT security framework. This and other operational risks could arise through human error and are mitigated through internal controls and regular staff training.

To mitigate against wider strategic risks, the Group maintains an effective governance structure, including non-executive directors on the Group Board to ensure robust challenge over the Group's strategy. The Group Risk function also includes a record of internal controls and considers risks encountered by the business within the Risk Committee. Training is rolled out to employees to ensure the Group's strategy is executed in a manner which mitigates strategic risk.

FUTURE DEVELOPMENTS

We offer wealth management services including financial advice and investment solutions, delivered to clients through the Platform. The Group continues to invest in our in-house technology and our team in Newcastle currently offers more than 500,000 clients 24/7 access to their investments, putting them firmly in control of their money. The Group is committed to empowering and supporting financial advisers in delivering exceptional client outcomes while growing their businesses efficiently. We provide an integrated and innovative adviser proposition, enabling our advisers to put their clients at the heart of all they do.

The Group is financed by a combination of equity capital and external borrowings, including listed debt, to invest in the delivery of our client experience and our technology. In March 2025, the Group secured additional funding on similar terms to existing listed bonds. Details of this funding is presented in Note 34. This funding is to be used to sustain client recruitment and fund other investing activities.

The costs of client redress which have been provided for in the year are significant. Management has forecasted for and are in the process of generating a roll-out plan to settle redress payable to clients. Management is confident that there are sufficient resources to complete this, while growing the Group and continuing to develop our client and adviser propositions. It is expected that the settlement of the redress liability will commence in 2025.

The Consumer Duty is a set of regulations introduced by the Financial Conduct Authority ("FCA") in the UK to ensure higher standards of consumer protection across financial services. The Duty requires firms to put their customers' needs first and act to deliver good outcomes for retail customers. Management has continued its progress in embedding Consumer Duty across the business in 2024 and, while there have been several key product and service enhancements in the year, Management recognise that further work is required and will continue through 2025.

The Group consolidated financial statements for 2024 show a net asset position of £1,600.5m (2023: restated net assets £1,836.3m). The liquidity held at 31 December 2024 and the underlying cash generation of the business gives the Board confidence that there are sufficient resources available to meet ongoing operational and capital requirements. Management have conducted financial forecasting and, after making appropriate enquiries, have 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.

The continued evolution of our client and adviser propositions are key to the Group's success. Despite challenges in the year and the dynamic financial advisory environment, Management believe that the Group is well placed to capitalise on market opportunities and has a robust plan to create sustainable growth while generating exceptional client outcomes.

The strategic report was approved by the Board of Directors and signed on its behalf on 8 April 2025 by:

Rebecca Hunter
Director
8 April 2025

Directors' report for the year ended 31 December 2024

The Directors present their Annual Report and audited Financial Statements for the year ended 31 December 2024.

DIRECTORS

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

Rebecca Hunter
Jodi Balfe

RESULTS AND DIVIDENDS

£4.7bn of new client money was invested onto the True Potential Wealth Platform ("the Platform"), a 24.2% decrease from 2023, with net inflows of £1.8bn. This is due to reduced recruitment in line with the evolution of Group client onboarding programmes based on feedback from the FCA. As at 31 December 2024, the Group administered £32.8bn of client money and invested and managed £30.3bn of this in the True Potential Investment Funds ("the Funds").

The Group had another record breaking year of revenue generation, totalling £498.9m (2023: £406.5m). Following significant exceptional costs of £333.5m in the year (2023: £4.3m), an operating loss of £145.8m (2023: profit of £144.5m) was generated. Exceptional costs are detailed in the Strategic Report. An overall total comprehensive expense of £235.8m was recognised (2023: restated total comprehensive income of £53.3m).

No dividends were paid or proposed in the year.

FUTURE DEVELOPMENTS

The Group's future developments are set out in the Strategic Report.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Group, including exposure to capital risk, credit risk, market risk, interest rate risk, liquidity risk and foreign exchange rate risk are set out in Note 27 to the financial statements.

SUBSEQUENT EVENTS

Material subsequent events are detailed in Note 34 of the financial statements.

STAKEHOLDER ENGAGEMENT

Employees

The Group has a recruitment policy to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration in light of the applicants' aptitudes and abilities. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. Where employees develop a disability during their employment, every effort is made to continue their employment and arrange for appropriate training as far as is reasonably practicable.

The Group considers the interests of its employees in decision making and has taken steps to develop its People function. The Group continues to provide employees with developmental opportunities and a motivated workplace culture. We engage with our employees throughout the year with employee engagement surveys, communication through team meetings and access to our social media content on what is happening in the industry. The Group also provides regular all-staff meetings where Senior Management update employees on business performance, new initiatives and progress against business objectives.

Customers

The Group prides itself on anticipating the needs of the customers it serves so that it can deliver a differentiated customer experience. Various methods are utilised to understand customer needs and feedback including online surveys and customer care calls. The Group also gather feedback from financial advisers, employers and accountants using its systems. This feedback is collated and reviewed at Management and Board level to agree actions to improve its service.

In 2024, the Group has worked with the FCA and a skilled person to deal with issues related to Group historic client onboarding practices, as well as completing an assessment on the adequacy of client investment reviews. The Group acknowledges that historic recruitment practices have not produced the optimal client outcomes desired in certain cases. We are aware of the importance of strengthening recruitment and review processes to protect our clients and welcome the FCA's review of ongoing advice to achieve these goals.

Management has continued its progress in embedding Consumer Duty across the business in 2024 with further work required in this area in 2025 and beyond. There have been several key product and service enhancements in the year to improve client experiences, explained in more detail in the annual Assessment of Value available on the True Potential website. On 1 October 2024, we were able to cut fees on 18 funds, with an estimated value to clients of £6.6m per year.

Other stakeholders

The Group has strong relationships with key suppliers who help to deliver the business model to clients. These include the depository and custodian of the Funds, sub-fund managers and financial advisers who are partners to the business.

The Group has ongoing dialogue and interaction with the FCA to ensure that its regulated subsidiaries continue to comply with relevant regulation and meet capital requirements, as well as to provide positive client outcomes.

The Group engages and holds events with local and national charities to support a variety of causes, including those at the recommendation of staff members.

The stakeholders mentioned above are those which are most significant to the decision making of the Board but are not an exhaustive list of all relevant parties.

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.

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group 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 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 will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for safeguarding the assets of the Group 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 transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 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.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under Article 113(5) of the Companies (Jersey) Law 1991.

On behalf of the Board

Rebecca Hunter
Director
8 April 2025

Kane Bidco Limited
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:

- give a true and fair view of the state of the group's affairs as at 31 December 2024 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 December 2024; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Kane Bidco Limited ('Kane Bidco') is a holding company incorporated in Jersey, with the purpose of holding the investment in the True Potential Group and financing its activities. True Potential Group's principal activities are the provision of financial advisory, investment management and support services to financial advisers and retail investors, operating solely within the United Kingdom. In planning for our audit of Kane Bidco, we met with the Audit Committee and members of management to discuss and understand significant changes to the business during the year, and to understand their perspectives on associated business risks. We used this insight, in addition to the prior year assessment of our audit approach, when forming our views regarding the business, as part of developing our audit plan and when scoping and performing our audit procedures.

Overview

Audit scope

- We conducted a full scope audit over the financial information of Kane Bidco Limited, True Potential Investments LLP and True Potential Wealth Management LLP. We concluded that Kane Bidco Limited is a significant component as it makes up a large proportion of at least 4 group financial statement line items ('FSLIs'), being over 70% of the total balance for each of these group FSLIs and greater than our group performance materiality. We concluded that True Potential Investments LLP and True Potential Wealth Management LLP are significant components as combined they represent more than 90% of the group's revenue for the year.

Independent auditors’ report to the Members of Kane Bidco Limited *(continued)*

- The adjustments made for the consolidation, including those for goodwill and other intangible assets, are material for a number of FSLIs, and we scoped these consolidation adjustments in as appropriate and performed audit testing.
- We also performed specific audit procedures on certain balances across other group entities, True Potential Administration LLP, True Potential LLP and True Potential Group Limited.
- Our audit work accounted for more than 95% coverage of group revenue, more than 60% coverage of group Adjusted EBITDA and over 90% coverage over group total assets. Our audit scope provided sufficient and appropriate audit evidence as a basis for our opinion on the group financial statements as a whole.

Key audit matters

- Impairment of client onboarding assets
- Impairment of goodwill and other intangible assets
- Provision for suitability of client transfer

Materiality

- Overall materiality: £6,712,739 based on 2.5% of Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional items) (2023: £5,339,274 based on 2.5% of EBITDA) .
- Performance materiality: £5,034,554 (2023: £4,104,000).

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.

Provision for suitability of client transfer is a new key audit matter this year. Impairment in investments in subsidiaries, which was a key audit matter last year, is no longer included because there is no requirement to disclose the Company financial statements. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of client onboarding assets	
Refer to note 17 Client onboarding costs The group recognises client onboarding assets on the balance sheet, with a carrying value as at 31 December 2024 of £498m. Client onboarding assets represent the incremental costs to obtain a revenue contract under IFRS 15. The asset is amortised over the expected transfer of services to the customer, and as is required by IFRS 15, an impairment is recognised where the asset's value exceeds the remaining consideration to be received.	We obtained management’s impairment assessment and performed the following procedures: • We reviewed management's client onboarding assets impairment calculation for compliance with IFRS 15; • We engaged our internal valuation experts to independently calculate a reasonable range for the discount rate which confirmed that management’s discount rate fell within our independent range; • We performed testing to validate the inputs to the calculation, which included assessing and challenging the reasonableness of the assumptions;

Independent auditors' report to the Members of Kane Bidco Limited ***(continued)***

Management performed their annual impairment review which demonstrated that there was sufficient headroom and no impairment was required. Management's impairment review used a discounted cash flow model to calculate the net value of the future consideration to be received. The model involved a number of estimates and assumptions made by management including those related to market growth rates (investment performance), client attrition rates, useful economic life, forecast future cashflows and the discount rate. Due to the inherent subjectivity in the assumptions used in the model, combined with the potential impact to the financial statements, this has been assessed as a significant risk for our audit in respect of valuation.	● We challenged management's projected cash flows used in the discounted cash flow model to determine whether they were reasonable and supportable. We obtained corroborate evidence over the market growth rate, by reviewing the historical performance of the True Potential fund range. We reviewed the attrition rates applied in the model, obtaining collaborative evidence over the historical attrition that has been experienced in relation to these assets. We also performed industry benchmarking to support the useful economic life applied in the model; ● We performed sensitivity analysis over key assumptions and assessed the impact and likelihood of these changes on the level of headroom in the model; ● We tested the mathematical accuracy of the model; and ● We assessed the disclosures made in the financial statements. Based on the procedures performed above, we have not identified any material issues relating to the impairment of client onboarding assets.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

Impairment of goodwill and other intangible assets	
Refer to Note 14 Goodwill and other intangible assets Goodwill and other intangible assets are recognised on the group's balance sheet in respect of the acquisition of True Potential Group Limited during 2022. Management is required by IAS 36 'Impairment of assets' to perform an annual impairment review and consider if there are any impairment indicators in respect of the carrying value of goodwill and other intangible assets. Management performed their annual impairment reviews and have concluded that there is an impairment of £221.5m in respect of goodwill and no impairment in respect of other intangible assets. The goodwill is attributable to a single cash generating unit (CGU). Management's impairment review used a discounted cash flow model to calculate the value in use for the CGU. The model involved a number of estimates and assumptions made by management including those related to medium-term and long-term market growth rates and the discount rate. Due to the inherent subjectivity in the assumptions used in the model, combined with the potential impact to the financial statements, this has been assessed as a significant risk for our audit in respect of valuation.	We obtained management's impairment assessment and performed the following procedures: • We reviewed management's goodwill and other intangible asset impairment assessment for compliance with IAS 36; • We challenged management's projected cash flows used in the discounted cash flow model to determine whether they were reasonable and supportable; • We evaluated the medium-term growth rate and attrition rates applied in the model, obtaining corroborative evidence over the group's historical growth and attrition rates; • We engaged our internal valuation experts to independently calculate a reasonable range for the discount rate which confirmed that management's discount rate fell within our independent range. We challenged management on the application of the discount rate within the model, and the approach to which discounting of the cashflows had been applied based on the timing of revenue expected to be received; • We also engaged our internal valuation experts to assess the reasonableness of the long-term growth rate to ensure it was in line with our expectations of long-term inflation forecasts; • We performed sensitivity analysis over key assumptions and assessed the impact and likelihood of these changes on the level of impairment recognised in the model; • We tested the mathematical accuracy of the model; and • We assessed the disclosures made in the financial statements. Based on the procedures performed above, we have not identified any material issues relating to the impairment of goodwill and other intangible assets.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

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Suitability of client transfer provision
Refer to Note 23 Provisions

As at 31 December 2024, the group recognised a provision, inclusive of the cost to redress impacted clients of £95.5m (2023: £nil). The provision was recognised as a result of a Skilled Person review into the suitability of client transfers into the group through the adviser recruitment programme.

Following the Skilled Person review and findings, management undertook a risk assessment of client accounts transferred through the adviser recruitment programme and assessed that a risk of unsuitable transfer was present in certain contracts and products. With the support of a management expert, these client accounts have been assessed into different cohorts, based on a range of risk factors to establish the suitability of client transfer. This resulted in a number of cohorts being identified as being at risk and therefore considered for potential redress. Management have used a net performance approach to calculate the provision, which is based on restoring a client to the estimated position they would have been in, had the transfer not occurred, inclusive of the associated costs to perform the redress.

Due to the inherent subjectivity in the assumptions used in the provision calculation, combined with the potential impact to the financial statements, this has been assessed as a significant risk for our audit in respect of valuation, completeness and presentation & disclosure assertions.

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We obtained management's provision assessment, and have performed the following procedures:

● We have assessed and challenged the group's methodology and the assumptions and judgements applied in arriving at the provision;
● We have held discussions with management and management's expert to understand the methodology used to derive the provision;
● We obtained and reviewed relevant regulatory correspondence with the Financial Conduct Authority (FCA), including the Skilled Person reports, and discussed these with management;
● We met with the FCA to corroborate details of their discussions with management;
● We have challenged management over the exclusion of certain contracts and products, and reviewed the reasonableness of their assessment of risk associated with these exclusions;
● We engaged PwC regulatory experts to understand the work of management's experts and to evaluate and challenge the basis of significant assumptions and judgements within management's methodology, such as the reasonableness of the risk factors used to define cohorts;
● On a sample basis, we have obtained supporting evidence for client accounts excluded from the provision, to demonstrate low risk factors;
● We have tested the accuracy of source data inputs used in the model, such as contributions, fees and withdrawals;
● We have understood the process management undertook to determine reasonable comparative data for a client's previous provider and for a sample of client accounts agreed this data to independent performance data;
● We have engaged PwC data experts to test the mathematical accuracy of management's model by performing a recalculation of the net performance for each client account;
● We have challenged management over the reasonableness of the redress costs included within the provision;
● We reviewed management's sensitivity analysis over key assumptions and assessed the impact of these changes on the level of provision recognised in the model; and
● Given the inherent uncertainty in the estimation of the provision and its judgemental nature, we evaluated the disclosures made in the financial statements. In particular, we focused on the disclosure of the sensitivity of the provision to changes in the underlying assumptions.

Based on the procedures performed above, we have not identified any material issues relating to the provision recognised by management.

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Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

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, the accounting processes and controls, and the industry in which it operates.

The group is a vertically integrated wealth management business and is structured as one operating segment. The group is composed of the Company and subsidiary entities and operates entirely within the United Kingdom.

The impact of climate risk on our audit

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements. The group continues to develop its assessment of the potential impacts and opportunities of climate change. We obtained management's climate related risk assessment and made enquiries to understand management's conclusion that there is no material impact on the group's financial statements. Our audit procedures did not identify any material impact as a result of climate risk on the group's financial statements. We have reviewed the disclosures in the Annual Report for consistency with management's assessment.

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.

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

Overall group materiality	£6,712,739 (2023: £5,339,274).
How we determined it	For 2024, 2.5% of Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional items). For 2023 2.5% of EBITDA.
Rationale for benchmark applied	Based on our understanding of the business model, users of the accounts and the debt agreements, performance is commonly measured on the group's reported earnings focusing on EBITDA (earnings before interest, tax, depreciation and amortisation), rather than profit before tax. This is in line with our materiality benchmark for 2023. In 2024, we have further adjusted our materiality for exceptional items which are one-off in nature and hence determined Adjusted EBITDA as our materiality benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £2,885,421 - £6,041,465. Certain components were 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% (2023: 75%) of overall materiality, amounting to £5,034,554 (2023: £4,104,000) for the group 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 £335,637 (2023: £266,964) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Obtaining and reviewing management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements.
- Checking the arithmetical accuracy of management's forecasts.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and the adequacy and appropriateness of the underlying assumptions used to make the assessment, and evaluating the directors' plans for future actions in relation to their going concern assessment.
- Assessing the appropriateness of the going concern disclosures by comparing them to management's assessment for consistency and for compliance with the relevant reporting requirements.

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 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.

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 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 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

Independent auditors’ report to the Members of Kane Bidco Limited *(continued)*

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The 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 regulatory principles, such as those governed by the Financial Conduct Authority, 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 of inappropriate journal entries to increase revenue and management bias in the impairment of goodwill and other intangibles, impairment of client onboarding assets and estimation of the provision for suitability of client transfer. Audit procedures performed by the engagement team included:

- Reviewing correspondence with the Financial Conduct Authority in relation to laws and regulations;
- Discussions with management, and review of relevant meeting minutes, 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, in particular any journal entries posted with unusual account combinations against revenue accounts;
- Challenging assumptions made by management in their significant accounting estimates, including ensuring there is no management bias, in particular in relation to the impairment of client onboarding assets, impairment of goodwill and other intangibles and the provision for suitability of client transfer; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

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.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Natasha McMillan
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
9 April 2025

Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

	Note	2024 £'000	2023 Restated £'000
Revenue	4	**498,894**	**406,451**
Fee expenses	5	(152,006)	(127,729)
Net revenue		**346,888**	**278,722**
Administrative expenses	6	(159,205)	(129,945)
Exceptional items	7	(333,508)	(4,275)
Operating (loss) / profit		**(145,825)**	**144,502**
Finance income	11	7,358	2,266
Finance costs	11	(90,961)	(67,510)
(Loss) / profit before income tax		**(229,428)**	**79,258**
Income tax expense	13	(9,624)	(27,784)
(Loss) / profit for the year		**(239,052)**	**51,474**
Other comprehensive (expense) / income			
(Loss) / gain on cash flow hedges:			
Loss on changes in fair value of hedging instruments during the year	25	(16,670)	(9,616)
Reclassification of gain from OCI to profit or loss	25	19,917	11,457
Other comprehensive income for the year		**3,247**	**1,841**
Total comprehensive (expense) / income for the year		**(235,805)**	**53,315**

The notes on pages 24 to 65 are an integral part of these consolidated financial statements.

The prior year restatement is discussed in Note 33.

Consolidated Statement of Financial Position as at 31 December 2024
Jersey Registered Number: 137782

	Note	2024 £'000	2023 Restated £'000
ASSETS			
Non-current assets			
Goodwill	14	1,400,190	1,621,702
Intangible assets	14	797,088	851,689
Property, plant and equipment	15	2,532	3,404
Client onboarding assets	17	498,397	405,739
Derivative assets	18	-	9,009
Adviser loans	18	7,110	-
		2,705,317	**2,891,543**
Current assets			
Trade and other receivables	19	52,853	47,912
Current tax receivable		28,214	-
Cash and cash equivalents	20	216,891	129,694
		297,958	**177,606**
Total assets		**3,003,275**	**3,069,149**
LIABILITIES			
Current liabilities			
Trade and other payables	21	(47,396)	(33,468)
Financial liabilities	22	(62,793)	(90,018)
Provisions	23	(100,400)	-
Current tax liability		-	(2,412)
		(210,589)	**(125,898)**
Non-current liabilities			
Financial liabilities	22	(1,082,727)	(989,309)
Deferred tax	13	(109,417)	(117,595)
		(1,192,144)	**(1,106,904)**
Total liabilities		**(1,402,733)**	**(1,232,802)**
Net assets		**1,600,542**	**1,836,347**
EQUITY			
Share capital	24	1,795,170	1,795,170
Hedge reserves	25	1,910	(1,337)
(Accumulated losses) / retained earnings		(196,538)	42,514
Total equity		**1,600,542**	**1,836,347**

The notes on pages 24 to 65 are an integral part of these financial statements. The prior year restatement is presented in Note 33. The financial statements on pages 20 to 65 were authorised for issue by the board of directors on 8 April 2025 and were signed on its behalf by:

R Hunter

Rebecca Hunter
Director

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	Share capital	Hedge reserve	(Accumulated losses) / Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 January 2023	**1,795,170**	**(3,178)**	**(8,960)**	**1,783,032**
Comprehensive income for the year:				
Profit for the year (restated)	-	-	51,474	51,474
Other comprehensive income (restated)	-	1,841	-	1,841
Total comprehensive income for the year (restated)	-	1,841	51,474	53,315
Balance as at 31 December 2023 and 1 January 2024 (restated)	**1,795,170**	**(1,337)**	**42,514**	**1,836,347**
Comprehensive (expense) / income for the year:				
Loss for the year	-	-	(239,052)	(239,052)
Other comprehensive income	-	3,247	-	3,247
Total comprehensive expense for the year	-	3,247	(239,052)	(235,805)
Balance as at 31 December 2024	**1,795,170**	**1,910**	**(196,538)**	**1,600,542**

The notes on pages 24 to 65 are an integral part of these financial statements.

The prior year restatement is discussed in Note 33.

Kane Bidco Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2024

	Note	2024 £'000	2023 Restated £'000
Cashflows from operating activities:			
(Loss) / profit before tax		(229,428)	79,258
Adjustments for:			
Depreciation of property, plant and equipment and right of use assets	6	1,360	1,475
Amortisation of intangible assets	6	54,588	55,196
Impairment of goodwill	7	221,512	-
Amortisation of client onboarding costs	6	24,856	13,431
Finance income	11	(7,358)	(2,266)
Finance costs	11	90,961	67,510
Operating cash inflows before movements in working capital		**156,491**	**214,604**
Movements in working capital			
Increase in trade and other receivables		(4,941)	(9,722)
Increase in trade and other payables		13,883	2,650
Increase in provisions	23	100,400	-
Increase in client onboarding costs	17	(144,819)	(250,470)
Total movements in working capital		**(35,477)**	**(257,542)**
Operating cashflows after movements in working capital		**121,014**	**(42,938)**
Corporation tax paid		(48,428)	(35,733)
Net cashflows from operating activities		**72,586**	**(78,671)**
Cashflows from investing activities			
Purchase of property, plant and equipment	15	(430)	(310)
Adviser loans	18	(7,110)	-
Interest received	11	7,358	2,266
Net cashflows from investing activities		**(182)**	**1,956**
Cashflows from financing activities			
Cash flows on listed bonds	22	-	269,000
Drawdown / (repayment) on revolving credit facility	22	100,000	(65,500)
(Repayment) / issuance of credit agreement	22	(2,020)	1,963
Repayment of external loans	22	(58)	(57)
Interest paid	22	(82,597)	(59,664)
Lease principal payments	16	(532)	(574)
Net cash inflows from financing activities		**14,793**	**145,168**
Net increase in cash and cash equivalents		**87,197**	**68,453**
Cash and cash equivalents at the beginning of the year		129,694	61,241
Cash and cash equivalents at the end of the year		**216,891**	**129,694**

The notes on pages 24 to 65 are an integral part of these financial statements. The prior year restatement is discussed in Note 33.

1 General information

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 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, IFC 6, The Esplanade, St Helier, Jersey, JE4 0QH. 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.

2 Material accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those material policies which apply in preparing the consolidated financial statements for the year ended 31 December 2024. The policies have been applied consistently to all years 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. Under Section 105 (11), separate company accounts are not prepared for Kane Bidco Limited. The financial statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets and liabilities that have been measured at fair value.

The Directors have considered the Group’s prospects, risks and financing availability and confirm the Group is well positioned to meet its liabilities for at least 12 months from the date of signing the financial statements. 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.

2.1.1 Prior period restatement

A prior year adjustment has been reflected in all Primary Statements in relation to the correction of over-accrued interest costs on external borrowings, following manual error. The impact of the interest adjustment was a reduction to prior year interest expense and interest payable, increasing profit before tax. The tax impact of this was also reflected, with an increase in the tax charge and liability for the year, with an overall net impact of increased profit for the year. Due to hedge relationship embedded in the restated items, a reduction to other comprehensive income and the hedge reserve was included, relating to the change in the fair value of derivatives. The adjustment has been reflected in all the Primary Statements and is explained in Note 33.

2.1.2 Going concern

The Group 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 Group 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 year Management monitored cashflow and compliance with debt covenants held by the Group. Further, forecasting shows headroom to regulatory capital requirements throughout the projected period in the Group’s regulated subsidiaries. The financial position of the Group continues to be monitored to ensure there are sufficient funds to meet liabilities as they fall due and sufficient headroom on covenants on debt.

2 Material accounting policies *(continued)*

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as of 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 affect its returns.

The Company reassesses whether 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 sufficiently give it the practical ability to unilaterally direct the investee's relevant activities. Factors considered include:

- 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 year 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.

2.3 Business combinations

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

2.4 Segment reporting

It is the view of Management that the Group has a single operating segment, being the Kane Bidco Group. This is due to the Group completing wealth management services to customers, with interlinked revenue generation across Group entities. 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 Statement of Financial Position on pages 20 and 21 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.

2 Material accounting policies *(continued)*

2.5 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 from a contract with a customer under IFRS 15. The Group recognises revenue when it provides a service to a customer.

Revenue which is dependent on client asset values, including advisory fees, Platform fees and investment management fees, are subject to factors outside the Group’s control, being the movement in asset values. This gives rise to an element of variable consideration, where revenue should only be recognised 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 Group can conclude that a significant reversal would not occur when the client investment values are determined on a daily basis and a fee can be calculated based on these investment values. Investment values may be determined based on the asset valuation using the Platform, or through third party valuations.

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

Contracts with customers include the licensing of True Potential web-based intermediary services and providing compliance and other ongoing support services using a web-based platform. We use judgement 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. Customers have a right to access ongoing support services for an initial contractual three-year period, followed by six-month rolling contracts. The Group satisfies its performance obligations over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services.

The fees for both performance obligations are calculated by applying a percentage to the value of the client fees collected through firms escrow accounts or are fixed amounts agreed with customers. Some contracts are subject to an annual cap. The Group recognises fees at the end of each day on the client fees collected through escrow accounts, or as part of monthly or annual invoicing. At this point, the constraining element of variable consideration has been resolved as the fees taken from end clients has been earned.

Wealth management advice

Advisory revenue is derived through client contracts to provide restricted financial advice. Revenue arises fully within the UK. Fees earned and generated through the advice proposition include both initial advice and recurring advice, offered by self-employed advisers and the central advice team. The nature of recurring and initial advice services is separate in the context of the contract with clients. Gross fee revenue (inclusive of amounts which are passed on to self-employed advisers) is collected through escrow accounts on a daily basis. Fees are received monthly in and quarterly arrears, at which point payments are made out to the self-employed advisers with the Group retaining its cut.

2 Material accounting policies *(continued)*

2.5 Revenue recognition *(continued)*

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

The consideration for ongoing advice is variable as it is based on the client's average invested assets, which change throughout the year. Revenue is adjusted for ultimate cash received through the Group escrow account. Cash consideration is received monthly or quarterly in arrears.

<u>Wealth Platform ("Platform fees")</u>

The Group earns Platform fees for the provision of the Platform to its investor clients. Platform service arrangements are contractual arrangements involving an investment administration agreement between the Group and a single client. The Group satisfies this performance obligation over time as the services are rendered and the client simultaneously receives and consumes the benefits of the services as they are performed.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the client. Platform fees from this performance obligation are calculated by applying a percentage to the value of the client's investments held in their portfolio on a daily basis. Cash consideration is received monthly in arrears.

<u>Fund investment management ("Investment management fees")</u>

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

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customer. Investment management fees are calculated by applying a percentage to the average invested capital under management in the fund on a daily basis. The fees are billed on a monthly basis. Cash consideration is received monthly in arrears.

<u>Performance fee</u>

A performance fee is recognised where the unit price of individual funds (the True Potential Growth Aligned Funds) exceeds the high watermark annually at 30 April. Revenue is recognised in an amount that reflects the consideration the Group expects to receive. The Group recognises performance fee revenue when it becomes highly probable a significant reversal will not occur. This is taken to be the crystallisation date at 30 April each year. The fee is based on the difference between the current and highest historic unit price at the high watermark date. Performance fees are received one month in arrears. From 1 October 2024, the Group will no longer receive performance fees in line with the Assessment of Value.

2 Material accounting policies *(continued)*

2.6 Fee expenses

Fee expenses include sub-fund management, advisory and other fund related fees. All costs are recognised on an accruals basis and are settled in arrears. The Group recognises advisory revenue as the gross fee for services delivered and passes a proportion of these fees, based on contractual agreements, on to the advisers who interact with end clients (adviser fees). Other fund fees include those payable to the fund depository and custodian, as well as fund accounting, audit and transaction fees. Sub-fund manager fees are those payable to the delegated investment managers of the Group.

2.7 Administrative expenses

All administrative expenses are recognised on an accruals basis.

2.8 Exceptional items

An exceptional item is deemed non-recurring and unusual in nature. These items are highlighted separately on the face of the Consolidated Statement of Comprehensive Income and are also disclosed within Note 7. Due to the nature and expected infrequency of these items, separate presentation helps provide a better indication of the Group's underlying business performance to facilitate comparison with prior periods.

2.9 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 ("CGU"). Kane Bidco Group is the smallest identifiable group of assets that generates independent cash inflows. This is due to the interlinked nature of income generation within the Group. The CGU 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.

2.10 Intangible assets other than goodwill

<u>Intangible assets acquired separately</u>

Separately acquired intangible assets with finite lives are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives which are:

- Brand: 10 years
- Customer relationships: 20 years

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. Separately acquired intangible assets with indefinite lives are carried at cost less accumulated impairment losses. The Group has no intangible assets with indefinite useful lives, other than goodwill.

2 Material accounting policies *(continued)*

2.10 Intangible assets other than goodwill *(continued)*

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 the Consolidated Statement of Comprehensive Income when the asset is derecognised.

Internally generated intangible assets

Multiple 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 Consolidated Statement of Financial Position 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. Amortisation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the relevant intangible asset, which are:

- Platform and other Projects: 4-10 years
- Software licenses: 3-5 years

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss. Depreciation is recognised to allocate the cost of assets, less their residual value, over the useful lives of each asset on a straight-line method, as follows:

- Leasehold buildings: Shorter of the lease term or the estimated useful life of the asset
- Fixtures and fittings: 3-5 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 the Consolidated Statement of Comprehensive Income.

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

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful economic lives to determine whether there are any impairment indicators to show that those assets have suffered an impairment loss. If any such indication exists, a full impairment assessment to 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 CGU.

2 Material accounting policies *(continued)*

2.12 Impairment of property, plant and equipment and intangible assets excluding goodwill *(continued)*

For remaining assets, the 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 the Consolidated Statement of Comprehensive Income.

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 years. A reversal of impairment loss could occur where impairment conditions no longer exist or have improved. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

2.13 Client onboarding costs

The incremental costs of obtaining a contract can be capitalised as an asset if the Group expects to recover those costs. The incremental costs to obtain a revenue contract are those that would not have been incurred if the contract had not been obtained, under IFRS 15.

Agreements are entered into with financial advisers to onboard client assets or transfer existing assets into the central advice team. The costs associated with these agreements, including fees to self-employed sales directors for adviser recruitment, are deemed to be the incremental cost of obtaining a revenue contract, “client onboarding assets”, which are recognised as an asset. The revenue contract obtained is with individual clients.

The asset is recognised when it is expected that the Group will recover the costs through revenue generation with clients. The Group considers that the costs payable to financial advisers and sales directors would not have been incurred if client assets had not been onboarded or transferred, meaning the revenue contract with clients had not been obtained. The Group has determined that the contracts with clients do not fall under the scope of another Standard.

Client onboarding costs are recognised on the date an agreement is entered into with financial advisers, or as assets are transferred into the Groups services. As client assets are onboarded or transferred into servicing provided by the Group and its wealth management partners, the cost of obtaining the client revenue contracts is adjusted to reflect the assets settled. It is expected that the costs will be recovered from this point through revenue generation on client assets, which begins as soon as clients pay fees on their investments. The costs associated with this, payable to financial advisers and sales directors, are recognised and paid at a proportion of the client assets transferred and which have settled.

Where initial payments are made to financial advisers, based on expected assets that will be onboarded, they are offset against any further amounts payable after adjustments for final settled assets. Where initial payments exceed the final cost payable to acquire client revenue contracts, amounts can be clawed back from financial advisers. The client onboarding assets fully crystallise at the point that agreements with financial advisers end and final payments or clawbacks have been settled.

2 Material accounting policies *(continued)*

2.13 Client onboarding costs *(continued)*

Recognition of the client onboarding costs give rise to liabilities on the Consolidated Statement of Financial Position (client onboarding liabilities). These are amounts payable to financial advisers, for the expected future payments representing a proportion of client assets expected to be transferred to the Group or as a final payment for settled assets.

Client onboarding assets are amortised over the expected transfer of the services to the client, which is estimated to be:

- Client onboarding assets: 20 years

The amortisation period adopted is reviewed in each reporting period, with the effect of any changes in estimate accounted on a prospective basis in line with IAS 8. Any updates to amortisation would be made to reflect a significant change in the expected timing of transfer to the client of services to which the asset relates, which is dependent on clients continuing under Group servicing.

2.14 Impairment assessment of client onboarding assets

At each reporting date, management reviews the carrying amounts of client onboarding 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), per the requirements of IFRS 15.

An impairment loss should be recognised in the Consolidated Statement of Comprehensive Income where the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for services to which the assets relate, less direct costs to provide the services. In assessing the remaining consideration expected to be received, the estimated future cash flows created by client asset revenue generation are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Significant estimation is used to determine the future revenues expected on client assets, as discussed in Note 3.

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 years. A reversal of impairment loss could occur where impairment conditions no longer exist or have improved. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.15 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 non-current lease liabilities on the Group's Consolidated Statement of Financial Position. 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

2 Material accounting policies *(continued)*

2.15 Leases *(continued)*

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 collateralised 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.

2.16 Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated 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 the Consolidated Statement of Comprehensive Income) 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 the Consolidated Statement of Comprehensive Income are recognised immediately in the Consolidated Statement of Comprehensive Income.

(i) Financial assets

Trade and other receivables and adviser loans 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.

2 Material accounting policies *(continued)*

2.16 Financial instruments *(continued)*

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using Management's historical experience, adjusted for factors that are specific to the receivables. These include general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime expected credit loss ("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 writes off 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 the Consolidated Statement of Comprehensive Income.

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss ("FVTPL").

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 externally issued listed bonds, a revolving credit facility, other private loans, short term financing facilities and lease liabilities and are carried at amortised cost. Other financial liabilities include amounts payable in relation to client onboarding costs and interest accrued on external borrowings.

2 Material accounting policies *(continued)*

2.17 Derivatives

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rates. 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.

2.18 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 hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss and is included in the finance costs 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 Notes 18 and 22. Movements in the hedging reserve in shareholders' equity are shown in Note 25. 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 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.

2.19 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 year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2 Material accounting policies *(continued)*

2.19 Taxation *(continued)*

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.

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 year

Current and deferred tax are recognised in the Consolidated Statement of Comprehensive Income, 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.

2.20 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a present legal or constructive obligation as a result of past events, a transfer of economic benefit is probable to settle the obligation, and a reliable estimate of the value of that economic benefit can be made. Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties. Increases in provisions are charged as an expense to the Consolidated Statement of Comprehensive Income when the recognition criteria have been met. Decreases, or releases, of provisions are credited to the Consolidated Statement of Comprehensive Income. When payments are made relating to the provision, they are charged to the provision carried in the Consolidated Statement of Financial Position.

2 Material accounting policies *(continued)*

2.21 Contingent liabilities

The Group recognises a contingent liability where it is identified that there is a possible obligation that could lead to an outflow of economic resources. The possible obligation must have occurred as a result of past events and whose existence will be confirmed by the circumstances of uncertain future events. The Group will also disclose a contingent liability where there exists a present obligation resulting from past events and the recognition criteria for a liability is not met. In this case, a contingent liability will be recognised as it is either not probable that economic resources will be required to settle the obligation, or the amount of the obligation cannot be reliably measured.

2.22 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 2024 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 Group in the current or future reporting periods and on foreseeable future transactions.

3 Critical accounting estimates and judgements

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates in preparing these financial statements are:

(i) Expected life of client onboarding costs

Client onboarding costs are amortised over the expected transfer of services to the client. The future performance of the Group is impacted by the amortisation periods adopted, and potentially, may differ between expected and actual circumstances. Sensitivity to the amortisation period changing by one year has been performed and the results are presented below:

One year reduction in amortisation period

	£'000
Annual amortisation charge increase	1,580

The revenue contracts with clients have no specified end date. As such, the critical assumption in the assessment of the estimated life of client onboarding costs is the expected attrition of client assets. Where clients fully withdraw assets from Group servicing, there is no future economic benefit to be derived from the revenue contract. Expected client attrition determines the period over which the Group can receive economic benefits from client contracts and recover the cost of onboarding them.

Management continues to assess the term over which a client continues to be advised by the Group. This considers the age profile of clients serviced by the Group, life expectancy in the UK, experience of client behaviour including drawdown patterns and historic experience with respect to the term a client remains invested. An expected term of 20 years has been identified based on this and is unchanged from previous assessments.

3 Critical accounting estimates and judgements *(continued)*

(ii) Impairment of client onboarding costs

Significant estimation is used to determine the future revenues expected to be earned on client onboarding assets. When assessing future revenues, management have considered various scenarios in concluding the appropriateness of fee rates and timing of the associated revenues used to support the recoverable value of client onboarding assets. This assessment includes a review of the commercial arrangements of the Group including, but not limited to, changes to future fee structures and the associated business model.

The carrying value of client onboarding costs is presented after any impairment loss recognised within the income statement under IFRS 15. The Group recognises an impairment loss to the extent that the carrying value of client onboarding cost assets exceed the remaining consideration expected to be received in exchange for services to which the assets relate, less the direct costs of providing those services. Estimation is used to determine the remaining consideration expected to be earned on client onboarding assets. Key assumptions include the discount rate on future cashflows, the remaining life of the asset and expected recovery period for future consideration, market growth expectations and attrition of client assets which are serviced by the Group. Sensitivities to key assumptions to the impairment assessment are presented in Note 17.

Management continues to assess the term over which a client continues to be advised by the Group. This considers the age profile of clients serviced by the Group, life expectancy in the UK, experience of client behaviour including drawdown patterns and historic experience with respect to the term a client remains invested. An expected term of 20 years has been identified based on this assessment and is the period used to assess the remaining consideration expected to be received from the underlying assets.

(iii) Impairment of goodwill

The carrying amount of goodwill has been allocated to the Kane Bidco Group as the sole reportable operating segment of the Group. The Group has been identified as the smallest group of assets which generate cash flows that are independent, due to the interlinked nature of income generation within the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The calculation of value in use for the Group is most sensitive to the discount rate and expected future cashflows. 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 the Group's operating performance and evaluate proposals. The expected cashflows reflect how Management believes the Group will perform over the business plan period and is used to calculate the value in use of the CGU, including growth and attrition of assets under management year-on-year as a result of market growth and onboarding of customers. Sensitivities to the assumptions made in goodwill impairment testing are discussed in Note 14.

(iv) Expected life of customer relationships

The Group acquired 100.0% of the share capital of True Potential Group Limited on 21 January 2022 including a customer relationship intangible asset held within the subsidiary Kane Bidco Limited. Customer relationships are amortised over the period that the Group expects to have a commercial relationship with those customers. The future performance of the Group is impacted by the amortisation period adopted due to the materiality of the customer relationships at 31 December 2024.

3 Critical accounting estimates and judgements *(continued)*

The critical assumption in the assessment of the estimated life of customer relationships is the expected attrition of customer assets and the expected term a customer will hold assets with the Group. Management monitor attrition closely including customer drawdowns, fees taken, other fees and charges payable and customers exiting Group services. Management considered the age profile of the customers at acquisition, life expectancy in the UK and expected attrition above to determine that an anticipated asset life of 20 years is appropriate. This period is consistent with the client onboarding cost amortisation period.

Sensitivity to the amortisation period changing by one year has been performed and the results are presented below:

One year reduction in amortisation period

	£'000
Annual amortisation charge increase	2,329

(v) Impairment of customer relationships

Customer relationships are held at their acquisition cost less accumulated amortisation and any impairment. An impairment charge would be recognised if the carrying value of the assets exceeds their recoverable amount. Recoverable amount is the higher of the fair value or value-in-use ("VIU") of the assets.

Intangible assets are subject to an annual impairment test under IAS 36 where impairment indicators are noted in the year. Customer relationships have been assessed as part of the CGU to which goodwill is allocated, with any impairment to these assets first being applied to goodwill. The critical assumptions to the impairment of goodwill and the CGU are disclosed in Note 14. Assessing for indicators of impairment is not considered to be a critical accounting judgement.

(vi) Suitability of client transfer provision

Throughout 2024 and in conjunction with the Skilled Person review, the Group has been reviewing the appropriateness of client transfers, including through its historic advisor recruitment programme. As a result of work undertaken, the Group has concluded that redress will be required for certain clients and accordingly has recognised a provision in the period.

In accordance with IAS 37, a provision in connection with the above has been recognised at the best estimate of the expenditure required to settle the present obligation, which also includes costs to perform the redress of clients.

Significant estimates and assumptions in respect of the provisions include:

- The allocation of the risk population and clients into cohorts. This is dependent on a variety of risk factors (focused on whether the potential harm outweighs the benefits), which determine whether clients are to be provided redress or not.
- The selection of ceding schemes that derive the net performance basis of comparison for each client account.
- The cost to operate the remediation scheme due to a number of variables including case handling times, review times and the length of the programme.

Disclosures and sensitivities to critical accounting estimates and assumptions in respect of the provision are set out in Note 23.

4 Revenue

Revenue is earned through the following lines of service:

	2024 £'000	2023 £'000
Adviser services	3,343	3,892
Wealth management advice	173,310	146,813
Platform fees	120,984	102,515
Investment management fees	178,287	153,231
Performance fees	22,970	-
	498,894	**406,451**

From 1 October 2024, the Group will no longer receive performance fees in line with the Assessment of Value available on the True Potential website.

5 Fee expenses

Fee expenses include:

	2024 £'000	2023 £'000
Adviser fees	104,180	88,189
Sub-fund manager fees	41,736	35,243
Other fund fees	6,090	4,297
	152,006	**127,729**

Adviser fees are paid from gross advisory revenue, being the amounts owed to financial advisers who are, either, partnered with the Group or independently deliver advice services to clients. Fees are paid net of rebates, clawbacks and other adjustments.

Sub-fund manager fees are paid to delegates of the Group investment manager for fund management services on the Funds. Sub-fund manager fees are paid in arrears.

Other fund fees include those payable to the fund custodian and depository, as well as fund audit, accountancy and transaction fees.

6 Administrative expenses

Other administrative expenses reported in the Consolidated Statement of Comprehensive Income includes:

	2024 £'000	2023 £'000
Depreciation	1,360	1,475
Amortisation - intangible assets	54,588	55,197
Amortisation - client onboarding costs	24,856	13,431
Staff costs	36,388	28,169
Legal and professional costs	11,456	6,287
Platform and technology running costs	9,798	7,705
Marketing	8,613	3,960
Insurance	3,283	3,576
Regulatory fees and levies	2,907	2,546
Other expenses	5,956	7,599
	159,205	**129,945**

7 Exceptional items

	2024 £'000	2023 £'000
Goodwill impairment	221,512	-
Suitability of client transfer provision	95,500	-
Annual suitability review provision	4,900	-
Group transformation	4,863	-
Historic VAT registration	3,548	-
Other costs	3,185	4,275
	333,508	**4,275**

The impairment to goodwill of £221.5m (2023: £nil) has been recognised as an exceptional cost with further detail in Note 14. The costs recognised in respect of provisions (total £100.4m) are explained in Note 23.

Group transformation relates to investment in the operational effectiveness of the Group, Head Office and staff. This includes the one-off implementation of new software which does not meet the criteria for capitalisation as an intangible asset, training and development and other professional and consultancy fees. The transformation costs are ongoing and further expenditure is expected in 2025.

Historic VAT payments are amounts payable on both historic intercompany recharges and overseas supplies following registration for VAT, as well as the associated penalties and interest. These costs are considered one-off in nature.

Other exceptional costs incurred in 2024 included senior staff severance and sign-on bonuses not included as part of regular contractual remuneration for employees and fees incurred relating to the transition of the Group fund depository. Other exceptional costs incurred in 2023 were £4.3m related to the recruitment and onboarding of Executive Directors and the resignation and settlement of the former Chairman. All costs related to these activities were settled in the year, with no further costs incurred in 2024.

8 Auditors' remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditors for the audit of the consolidated financial statements	109	103
Audit of the financial statements of the Company's subsidiaries	607	452
Total audit costs	**716**	**555**
Non-audit fees payable to the auditors for client money reporting	294	255
Fees payable to the auditors for interim profit verifications	346	175
Total auditors' remuneration	**1,356**	**985**

9 Directors and employees

(i) Remuneration of Directors

The Directors did not receive remuneration from the Group for their services during the year (2023: £nil). The are no other key Management personnel than the Directors of the Group.

(ii) Employee numbers and costs

The average monthly full-time equivalent staff numbers during the year were:

	2024 Number	2023 Number
Management and administration	**616**	**508**

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	31,357	24,936
Social security costs	4,418	2,771
Other pension costs	613	462
	36,388	**28,169**

10 Alternative performance measures

	2024 £'000	2023 £'000
Operating (loss) / profit	(145,825)	144,502
Add back: Exceptional items	333,508	4,275
Add back: Amortisation	79,444	68,628
Add back: Depreciation	1,360	1,475
Adjusted EBITDA	**268,487**	**218,880**

Adjusted earnings before interest, depreciation, amortisation and exceptional costs ("adjusted EBITDA") as an alternative performance measure ("APM") is used by Management as an industry comparator by removing Group specific accounting estimates, financing arrangements and tax laws applicable to the jurisdiction in which the Group operates. The closest relevant metric under International Financial Reporting Standards to start with is operating (loss) / profit as per the Consolidated Statement of Comprehensive Income adding back exceptional items (Note 7), amortisation and depreciation (Note 6).

11 Finance income and costs

(i) Finance income

	2024 £'000	2023 £'000
Interest on liquidity funds	6,674	1,931
Other interest income	684	335
Total finance income	**7,358**	**2,266**

Deposits in liquidity funds are money market funds which are short-term and highly liquid. Interest is accrued on these funds daily and is recognised as finance income. Other interest income includes interest earned on loans to financial advisers, detailed in Note 18, and on other bank deposits.

(ii) Finance costs

	2024 £'000	2023 Restated £'000
Finance charges payable on borrowings	110,821	78,884
Reclassification of gain on cashflow hedge	(19,917)	(11,457)
Interest on lease liabilities	57	83
Total finance costs	**90,961**	**67,510**

A gain on the change in fair value of the cash flow hedge was reclassified to profit or loss from other comprehensive income in the year. The restatement is detailed in Note 33.

12 Dividends paid and payable

There were no dividends paid or payable in the year ended 31 December 2024 (2023: £nil).

13 Taxation

The permanent establishment of the Company and all Management decisions are made wholly within the UK. The Company is tax resident in the UK and is bound by UK tax laws.

(i) Analysis of charge in the year

	2024	2023
		Restated
	£’000	£’000
Tax on (loss) / profit	**9,624**	**27,784**
The tax charge is made up as follows:		
Current tax:		
UK corporation tax	17,751	36,204
Adjustment in respect of prior periods	51	362
Total current tax charge	17,802	36,566
Deferred tax:		
Origination and reversal of timing differences	(8,270)	(7,962)
Adjustments in respect of prior periods	92	(312)
Change in tax rates or laws	-	(508)
Total deferred tax credit	(8,178)	(8,782)
Tax on (loss) / profit	**9,624**	**27,784**

(ii) Reconciliation of tax charge

The tax expense in profit or loss for the year is higher than the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are reconciled below:

	2024	2023
		Restated
	£'000	£'000
(Loss) / profit before taxation	(229,428)	79,258
(Loss) / profit before taxation multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 23.5%)	(57,357)	18,626
Effect of:		
Disallowed expenses and non-taxable income	287	97
Impairments	55,378	-
Non-deductible amortisation	11,217	8,070
Adjustments in respect of prior periods	143	50
Change in tax rates or laws	-	(508)
Group relief not paid for	(44)	1,449
Total tax charge for the year	**9,624**	**27,784**

13 Taxation *(continued)*

The effective tax rate for the year was (4.2)% (2023 restated: 35.1%). Deferred tax balances have been measured at a rate of 25.0%.

On 1 April 2023 the corporation tax rate increased from 19.0% to 25.0%. Therefore, the blended rate of Corporation Tax for the prior year had been calculated at 23.5%. Deferred tax balances have been measured at a rate of 25.0% (2023: 25.0%).

(iii) Deferred tax

	2024	2023
	£'000	£'000
Movement in deferred tax liability during the year		
At 1 January	117,595	126,374
Deferred tax credited to profit and loss	(8,178)	(8,779)
At 31 December	**109,417**	**117,595**

14 Goodwill and other intangible assets

The carrying value of Goodwill was £1.4bn (2023: £1.6bn) with an impairment of £221.5m recognised in the year (2023: £nil).

(i) Recoverable amount of the cash generating unit

The carrying amount of goodwill has been allocated to the Kane Bidco Group as the sole reportable operating segment of the Group. The Group has been identified as the smallest group of assets which generate cash flows that are independent, due to the interlinked nature of income generation within the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of Kane Bidco Group is determined based on a value in use calculation which uses cash flow projections based on financial budgets and a pre-tax discount rate of 14.78% (2023: 13.72%). Cashflows beyond 5 years are extrapolated using a 2.0% growth rate applied to the net operating cashflows to perpetuity (2023: 2.0%). The difference between the recoverable value and the carrying value of Goodwill was £221.5m, for which an impairment loss has been recognised and reflected as an exceptional cost in the Consolidated Statement of Comprehensive Income.

An impairment test for other intangible assets is to be performed where there are indicators of impairment to those assets in the year, under IAS 36. As cash flows arising from these assets are not independent, the recoverable amount of these individual assets cannot be determined. Therefore, the value in use and recoverable amount can only be determined for the asset's CGU. Where the recoverable value of the entire CGU is lower than its carrying value, an impairment to goodwill will be recognised first and then allocated to other individual assets forming part of the CGU.

In 2024, an impairment to goodwill has been recognised but no impairment to the intangible assets. Sensitivities to the critical estimates in assessing the level of impairment for the entire CGU have been detailed below.

14 Goodwill and other intangible assets (*continued*)

(ii) Key assumptions used in the value in use calculation

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

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 the Group's operating performance and evaluate proposals.

The expected cashflows reflect how Management believes the Group will perform over the business plan 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, client attrition and onboarding of clients.

(iii) Sensitivities to assumptions

The table below details the impact of adjusting the key assumptions. The percentage change in the value of impairment to the carrying value of the CGU, by adjusting the variables by the stated amounts below. The impairment to the carrying value is £221.5m, with sensitivities resulting in an increase in impairment:

	Percentage change
Discount rate – 1.0% increase	87.4%
Annual cash flows – 10% reduction	121.8%
Long-term growth rate – 1.0% reduction	58.3%

(iv) Intangible assets other than goodwill:

	Brand	**Customer relationships**	**Internally generated assets**	**Other intangibles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 January 2024	49,861	885,207	21,687	353	957,108
Disposals	-	-	(520)	(353)	(873)
At 31 December 2024	**49,861**	**885,207**	**21,167**	**-**	**956,235**
Accumulated amortisation and impairment					
At 1 January 2024	(14,990)	(86,436)	(3,774)	(219)	(105,419)
Amortisation	(7,750)	(42,659)	(4,058)	(121)	(54,588)
Disposals	-	-	520	340	860
At 31 December 2024	**(22,740)**	**(129,095)**	**(7,312)**	**-**	**(159,147)**
At 31 December 2024	**27,121**	**756,112**	**13,855**	**-**	**797,088**
At 31 December 2023	34,871	798,771	17,913	134	851,689

14 Goodwill and other intangible assets (*continued*)

Brand includes the True Potential brand which was recognised at fair value on Kane acquisition of the True Potential Group.

Customer relationships were acquired at fair value on purchase of the True Potential Group, representing the economic relationship and future net income acquired with historic clients. Subsequently, they are held at cost less accumulated amortisation and any accumulated impairment. The useful life of these relationships is 20 years based on the age profile of customers obtained, life expectancy in the UK and Management's experience of customer practices and average client pension drawdown arrangements. This is the term over which future income is expected to be earned from customer relationships.

Internally generated assets are primarily capitalised development costs, including those incurred on the development of the Platform and fund set up costs.

15 Property, plant and equipment

	Fixtures, fittings, and equipment £'000	**Short leasehold buildings £'000**	**Total £'000**
Cost			
At 1 January 2024	4,415	1,815	6,230
Additions	430	-	430
Disposals	(1,025)	-	(1,025)
At 31 December 2024	**3,820**	**1,815**	**5,635**
Accumulated depreciation and impairment			
At 1 January 2024	(2,173)	(653)	(2,826)
Depreciation	(937)	(423)	(1,360)
Lease adjustment	-	213	213
Disposals	870	-	870
At 31 December 2024	**(2,240)**	**(863)**	**(3,103)**
Net book value			
At 31 December 2024	**1,580**	**952**	**2,532**
At 31 December 2023	2,242	1,162	3,404

16 Leases

The amounts recognised in the consolidated financial statements in relation to leases, included within Property, plant and equipment, are as follows:

(i) Right-of-use assets

	Equipment £'000	Property £'000	Total £'000
Cost			
At 1 January 2024	552	1,815	2,367
Disposals	(552)	-	(552)
At 31 December 2024	**-**	**1,815**	**1,815**
Accumulated depreciation and impairment			
At 1 January 2024	(442)	(653)	(1,095)
Depreciation	(85)	(423)	(508)
Lease adjustment	-	213	213
Disposals	527	-	527
At 31 December 2024	**-**	**(863)**	**(863)**
Net book value			
At 31 December 2024	**-**	**952**	**952**
At 31 December 2023	110	1,162	1,272

(ii) Lease liabilities

	2024 £'000	2023 £'000
Current	433	630
Non-current	452	730
	885	**1,360**

Maturity Analysis

	2024 £'000	2023 £'000
Within one year	464	630
Greater than one year but less than two years	464	465
Greater than two years but less than five years	-	265
Greater than five years	-	-
Total undiscounted lease payments	**928**	**1,360**

16 Leases *(continued)*

Reconciliation of the opening to closing lease liabilities

	2024 £'000	2023 £'000
Carrying value at 1 January	**1,360**	**1,934**
Interest expense	57	83
Repayment of lease liabilities	(532)	(608)
Lease adjustments	-	(49)
Carrying value at 31 December	**885**	**1,360**

(iii) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	2024 £'000	2023 £'000
Depreciation charge of right-of-use assets:		
Equipment	85	220
Property	423	336
	508	**556**
Interest expense (included in finance costs)	57	83

(iv) Amounts recognised in the Consolidated Statement of Cash Flows

	2024 £'000	2023 £'000
Total cash outflow for leases	**(532)**	**(608)**

17 Client onboarding costs

Client onboarding assets and liabilities are as follows:

	2024 £'000	2023 £'000
Non-current assets		
Client onboarding assets	**498,397**	**405,739**
Financial liabilities		
Client onboarding liabilities	**(10,801)**	**(38,106)**

17 Client onboarding costs *(continued)*

Client onboarding assets are presented on the Consolidated Statement of Financial Position and represent the incremental costs to obtain revenue contracts with clients, obtained through client acquisition programmes. Client onboarding cost liabilities are shown in Note 22. Related liabilities represent amounts outstanding to financial advisers where a corresponding client onboarding cost has been capitalised as an asset. All client onboarding cost liabilities fall due within one year.

Significant changes in client onboarding assets are:

	2024
	£'000
At 31 December 2023 and 1 January 2024	**405,739**
Additions	121,343
Adviser clawbacks	(3,829)
Amortisation	(24,856)
At 31 December 2024	**498,397**

In the current year £117.5m of client onboarding assets have been added to the Consolidated Statement of Financial Position, net of adviser clawbacks (2023: £185.6m). This represents Management's best estimate of expected and actual payments for the onboarding of revenue contracts, less any amounts recoverable where initial payments made to financial advisers exceed the final cost to obtain the revenue contracts.

Amounts paid in the year relating to client onboarding costs have been recognised through movements in working capital in the Consolidated Statement of Cash Flows. A reconciliation to the figures presented has been performed below.

	2024
	£'000
Client onboarding asset additions	121,343
Adviser clawbacks	(3,829)
Movement in client onboarding liability	27,305
Increase in net client onboarding costs per cashflow	**144,819**

Assessment of the carrying value of client onboarding costs contains significant estimation, including the value and expected life of capitalised assets.

(i) Impairment reviews

Impairment reviews on the carrying amount of the client onboarding costs are undertaken with any impairment expensed in the Consolidated Statement of Comprehensive Income. Impairment assessments consider the remaining amount of consideration that the Group expects to receive in exchange for client services, less costs which relate directly to providing those services. Key areas of estimation used in this assessment include the discount rate on future cashflows, the expected recovery or amortisation period, market growth expectations, attrition of clients receiving services, and future fee income. No impairment has been recognised for the year ended 31 December 2024 (2023: £nil).

(ii) 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 pre-tax discount rate, which includes judgement in the assessment of appropriate equity beta and non-listed premium. The discount rate applied in 2024 was 14.78% (2023: 13.72%).

17 Client onboarding costs *(continued)*

(iii) Amortisation period

The underlying contracts with clients are ongoing and have no end date. Management has therefore used estimation to ascertain the recovery period, including the expected length of the relationship with the client within the Group. Assessments of recovery have been performed over 20 years. The recoverable value represents the remaining consideration expected to be received on client revenue contracts.

(iv) Investment performance

Management has included in its 20-year recovery period an average annual market growth rate of 5.0% based on historic trends of a True Potential balanced portfolio and client portfolios (2023: 5.0%).

(v) Client attrition

Management has used a range of 8.5-9.5% as the attrition rate for its assessment of the carrying value of client onboarding costs (2023: 8.2%). This is a forecasted range of attrition on advised client assets taking into account client drawdowns, account closures and other applicable withdrawals.

(vi) Future fees receivable

Fees charged are at the discretion of Management based on the services provided to clients. Management has used the existing fee profile of the Group and incorporated any expected changes to client fees which would impact future cash inflows.

18 Financial assets

	2024 £'000	2023 £'000
Cross currency swap asset	-	9,009
Adviser loans	7,110	-
Non-current financial assets	**7,110**	**9,009**

(i) Cross currency swap asset

The Group hedges the foreign currency risk on high yield Eurobonds, using a fixed-for-fixed cross currency swap. In the year, the value of the swap showed a liability position and is included as a non-current financial liability in Note 22.

(ii) Adviser loans

During the year, the Group entered into external financial adviser loan contracts. Loans are held at amortised cost. The objective of the loans is to hold the assets to collect contractual cash flows. Adviser loans are held on market terms and accrue interest at the Bank of England base rate plus 6.0%. Interest is compounded on these loans on a quarterly basis and is recognised as other interest income in Note 11. Loans have a standard term of two years and can be repaid early at the discretion of individual advisers.

18 Financial assets *(continued)*

(iii) Impairment of adviser loans

For adviser loans the Group recognises a lifetime expected credit loss ("ECL") where there has been a significant increase in credit risk since the inception of the loan, or where there are significant payment obligations and other credit-related factors relevant beyond 12 months of the inception of the loan. The lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Financial advisers follow a rigorous onboarding process to qualify for loans and are subject to ongoing assessment, considering if there are additional risks that they may be unable to repay loans.

The Group considers that default on adviser loans has occurred when the loan is more than 90 days past due. The loan may be specifically credit impaired when one or more events that have detrimental impact on the estimated future cash flows have occurred such as significant financial difficulty of the borrower, a breach of contract or it is becoming probable the borrower will enter bankruptcy. At 31 December 2024, the lifetime ECL assessed by Management on adviser loans is £nil.

19 Trade and other receivables

	2024 £'000	2023 £'000
Prepayments and accrued income	4,773	4,541
Platform fees	10,148	8,639
Investment management fees	15,345	15,212
Wealth management advice fees	15,790	12,610
Other receivables	6,797	6,910
	52,853	**47,912**

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

Other receivables includes interest receivable on deposits in liquidity funds and amounts due from financial advisers partnered with the Group including refunds and other clawbacks which are recoverable.

20 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash held at bank	42,404	21,446
Deposits in liquidity funds	174,487	108,248
	216,891	**129,694**

Deposits in liquidity funds are money market funds which are short-term and highly liquid. They are readily convertible to known amounts of cash.

21 Trade and other payables

	2024 £'000	2023 £'000
Trade payables	101	788
Other taxes and social security	6,035	2,431
Accruals	10,298	8,199
Sub-fund manager fees	9,743	7,479
Adviser fees	9,342	7,693
Intercompany payable - Kane Midco Limited	1,338	1,490
Other payables	10,539	5,388
	47,396	**33,468**

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

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

Other taxes and social security include liabilities for exceptional VAT costs recognised detailed in Note 7.

Other payables include other fund fees included as part of fee expenses. Also included is interest earned on client money held by the Group which is due to clients. Further, refund liabilities due to clients in relation to advice fees and rebates owed to wealth management partners incurred in the ordinary course of business are included.

Intercompany payables with Kane Midco Limited are related party intercompany transactions which are repayable on demand and are disclosed in Note 28.

22 Financial liabilities

	2024 £'000	2023 Restated £'000
Current:		
Lease liabilities	433	630
Client onboarding liabilities	10,801	38,106
Credit agreement	-	1,963
Other external loans	-	58
Accrued interest	21,464	19,265
Trust loan	30,095	29,996
	62,793	**90,018**
Non-current:		
Lease liabilities	452	730
Cross currency swap liability	2,565	-
High yield bonds	689,064	699,536
Revolving credit facility	119,686	19,514
Other listed bonds	270,960	269,529
	1,082,727	**989,309**

22 Financial liabilities *(continued)*

(i) Trust loan

In 2022, the Company entered into a loan agreement with the True Potential LLP Discretionary Trust 2009, amounting to £36.5m. Interest on the trust loan is compounded annually at the HMRC preferential borrowing rate. At 31 December 2024 the outstanding balance of the loan was £30.1m. The Trust loan has no maturity date and is repayable on demand. The terms of this loan are considered preferential to the wider market. This is the only transaction entered into by the Company with the Trust and is a related party transaction disclosed in Note 28 of the Consolidated Financial Statements.

(ii) Listed bonds

In 2022, the Group issued £400.0m and €360.0m high yield bonds on The International Stock Exchange (“TISE”), with coupons of 6.5% and 5.0% respectively. High yield bonds mature in February 2027. In 2023, the Group issued floating rate bonds on TISE of £50.0m, £100.0m and £125.0m. Interest coupons payable on each bond is at the Sterling Overnight Interbank Average (“SONIA”) plus 6.75%, 6.25% and 5.75% respectively. The bonds are due February 2027 and February 2028.

Additional bonds have been issued in 2025 and are disclosed as a subsequent event in Note 34.

(iii) *Revolving credit facility*

The Group has available a revolving credit facility (“RCF”) with up to £120.0m for drawdown. Interest on the RCF is accrued at SONIA plus 3.5%. At 31 December 2024 the amount drawn on this facility was £120.0m. The RCF matures in October 2026.

(iv) Other financing

Details on lease liabilities are shown in Note 16. Details on contract liabilities are shown in Note 17. All other short term financing has been repaid in the year.

(v) Cross currency swap

The cross currency swap is a derivative financial instrument designated and effective as a hedging instrument and is carried at fair value, previously valued as an asset within Note 18. Due to the Euro foreign exchange rate exceeding 1.20 at 31 December 2024, the fair value of the derivative is in a credit position and is recognised as a liability at this date.

The swaps hedge against Euro Fixed Rate Debt (nominal €360.0m at a 5.0% rate) with three cross currency swaps (in total paying a fixed GBP £300.0m at 6.8% and receiving a fixed EUR €360.0m at 5.0%), maturing in February 2026. The maturity and coupon payment terms of both the hedged item and hedging instruments are aligned. The Group has elected, in accordance with IFRS 9:6.5.16 to apply IFRS 9:6.5.15 and recognise the excluded elements in OCI (to the extent they relate to the hedged item). Because the hedged item is a time-period related item, the excluded elements are amortised from OCI to profit or loss on a rational basis over the period during which the hedge adjustment for the included element could affect profit or loss.

The Group may elect to use derivative financial instruments as hedges against financial risk exposures. The use of financial derivatives is governed by Management’s appetite towards exposure on foreign exchange risk, interest rate risk and credit risk. Management continue to reassess the need for the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

22 Financial liabilities *(continued)*

Changes in liabilities arising from financing activities

	Short term liabilities £'000	Long term liabilities £'000	Total £'000
At 1 January 2024 (restated)	**51,912**	**989,309**	**1,041,221**
Cashflows – finance loans	(58)	-	(58)
Cashflows – credit agreement	(2,020)	-	(2,020)
Cashflows – revolving credit facility	-	100,000	100,000
Cashflows – lease payments	(254)	(278)	(532)
Cashflows – interest payments	-	(82,597)	(82,597)
Translation - foreign exchange	-	(9,148)	(9,148)
Amortised borrowing costs	-	(5,674)	(5,674)
Finance expense	2,412	88,549	90,961
At 31 December 2024	**51,992**	**1,080,161**	**1,132,153**

Both short term and long term liabilities relate to lease liabilities, accrued interest and other external financing.

23 Provisions

	Suitability of client transfer provision £'000	ASR provision £'000	Total £'000
At 1 January 2024	**-**	**-**	**-**
Provided in the year	95,500	4,900	100,400
Utilised in the year	-	-	-
Released in the year	-	-	-
At 31 December 2024	**95,500**	**4,900**	**100,400**

(i) Suitability of client transfer

Following ongoing engagement with the FCA, a Skilled Person was appointed to review the suitability of client transfers into the Group. This review was undertaken during 2024, and is now complete, however, our work on the outcomes of the review is ongoing.

The Skilled Person review identified that there may have been clients whose investments were not appropriately transferred into the Group due to payments made to advisers. Management has therefore undertaken a risk assessment of all transfer contracts offered and concluded that the risk was present in investment products that were transferred through the adviser recruitment programme that commenced in 2018 (and ceased in 2024, when modifications to the specific adviser recruitment programme were put in place).

23 Provisions *(continued)*

With the support of external specialists, clients transferred in under this programme have been analysed into different cohorts considering a range of risk factors to establish the suitability of transfer and, if appropriate, the cohort has been considered for potential redress. This has resulted in those cohorts where management have determined there to be a higher risk of an unsuitable transfer being considered for potential redress. Where a client's transfer suitability has not been identified as at risk, the client has not been determined to require redress.

The redress provision has been calculated on a net performance basis as at 31 December 2024. This takes into account the difference between a client's current investment position and the estimated position they would have been in had the transfer not taken place. Within this, the performance of the ceding scheme comparator for each client has been calculated with reference to a combination of specific portfolio and industry benchmarked monthly performance results. For those clients in the cohorts assessed for redress that left the Group prior to 31 December 2024, the amount of redress has been calculated at the date of leaving and 8% simple interest applied to the redress amount from that date up to 31 December 2024.

The cost to operate the redress scheme has been determined based on an estimated cost of a third party running the scheme, which takes into account a number of variables including case handling times, review times and the length of the programme.

Following the above, a provision of £95.5m has been recognised at 31 December 2024, inclusive of costs to perform the redress of clients. Management expects to commence the redress exercise within 2025.

The provision has been calculated using estimates, assumptions and data believed to be reasonable to provide for the future redress payable. The table below sets out the potential impact on the £95.5m provision calculated, based on changes in assumptions:

	Percentage change
Suitability of client transfer	
Change in cohort population determined to require redress – 10% increase	4.3%
Ceding scheme performance – 5% increase	17.1%
Costs of operating redress programme – 10% increase	2.6%

(ii) ASR provision

To ensure the appropriateness of ongoing advice, client circumstances are reviewed annually to ensure that their investments remain suitable. For a limited number of clients, there may be instances where an ASR has not been completed on an annual basis and appropriate attempts to deliver the suitability review cannot be evidenced.

Since 2021, the Group has operated a policy to refund ongoing advice fees on an annual basis where sufficient attempts to deliver ASRs cannot be evidenced, going further by switching off fees after three years of ASR non-completion. Under the policy, where it has been determined sufficient attempts to contact clients have taken place, no annual refund would be required.

Notwithstanding this policy, the Group has taken the opportunity to complete a detailed retrospective review of ASR completions from 2018 to 2024. The ASR provision has been calculated based on a refund of 100% of ongoing advice charges paid by a client within a calendar year where an ASR had been due, but not completed, and there have been insufficient attempts to contact the client. Based on this approach, a provision of £4.9m has been recognised in respect of ongoing advice charges that may need to be refunded to clients, inclusive of the cost to redress impacted clients and 8.0% simple interest up to 31 December 2024.

24 Share capital

Allotted and fully paid-up share capital

	No. of shares	£'000
Total share capital at 31 December 2023	1,795,169,676	1,795,170
Total share capital at 31 December 2024	**1,795,169,676**	**1,795,170**

No share capital has been issued in the year (2023: £nil).

25 Hedging

	2024 £'000	2023 Restated £'000
At 1 January	(1,337)	(3,178)
Loss arising on changes in fair value of hedging instruments in the year	(16,670)	(9,616)
Gain reclassified to profit or loss	19,917	11,457
At 31 December	**1,910**	**(1,337)**

26 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 2024 £174.5m (2023: £108.2m) of money market funds held within cash and cash equivalents were held at fair value through profit or loss (“FVTPL”) using level 1 valuation.

At 31 December 2024 a liability of £2.6m (2023: asset of £9.0m) 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.

27 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
v. Foreign exchange rate 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 external borrowings.

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 2024 is £216.9m (2023: £129.7m).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 and 2023 based on contractual undiscounted payments.

	<3 months	3-12 months	1 to 5 years	Total
	£'000	£'000	£'000	£'000
31 December 2024				
Trade and other payables	35,760	-	-	35,760
Lease liabilities	116	348	464	928
Client onboarding liabilities	2,700	8,101	-	10,801
Trust loan	30,095	-	-	30,095
High yield bonds	-	-	700,000	700,000
Listed bonds	-	-	275,000	275,000
Revolving credit facility	-	-	120,000	120,000
Derivative cash flows	10,298	10,186	10,243	30,727
Total	**78,969**	**18,635**	**1,105,707**	**1,203,311**
31 December 2023 (restated)				
Trade and other payables	25,269	-	-	25,269
Lease liabilities	157	473	730	1,360
Client onboarding liabilities	9,526	28,580	-	38,106
Credit agreement	491	1,472	-	1,963
Finance loan	17	41	-	58
Trust loan	29,996	-	-	29,996
High yield bonds	-	-	700,000	700,000
Listed bonds	-	-	275,000	275,000
Revolving credit facility	-	-	19,514	19,514
Derivative cash flows	10,298	10,186	30,727	51,211
Total	**75,754**	**40,752**	**1,025,971**	**1,142,477**

27 Financial risk management *(continued)*

Balances due within 12 months in the tables above equal their carrying balances. The impact of discounting is not significant. The prior period restatement is explained in Note 33.

(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 £1,600.5m (2023 restated: £1,836.3m).

The Group contains subsidiaries which are subject to regulatory capital requirements supervision by the Financial Conduct Authority. These entities are required to measure and monitor capital resources under the MIFIDPRU requirements at a True Potential Group level and under IPRU-INV and IFPR requirements in its individually regulated subsidiaries, and has complied with this requirement throughout the year.

(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 amounts paid 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 receivable is settled by advice fees generated from the client assets which advisers are servicing. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the receivables. Management has assessed the expected credit loss to be £nil for 2024 and 2023 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 year under review.

The table below represents the Group's exposure to credit risk from cash and cash equivalents:

	AAA	**A**	**BBB**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Year ended 31 December 2024				
Cash at amortised cost	-	42,404	-	42,404
Money market funds at FVTPL	-	174,487	-	174,487
	-	**216,891**	**-**	**216,891**
Year ended 31 December 2023				
Cash at amortised cost	-	2,721	18,725	21,446
Money market funds at FVTPL	108,248	-	-	108,248
	108,248	**2,721**	**18,725**	**129,694**

27 Financial risk management *(continued)*

The Group is also exposed to credit risk in the form of default on adviser loans recognised at amortised cost. An event of default is considered where the asset is more than 90 days past due. Impairment is recognised on adviser loans equal to the lifetime ECL on the loans.

Management assess whether credit risks have increased significantly on adviser loans by measuring progress against individual adviser business plans on an individual basis. It is expected that advisers meeting their commitments under these plans will generate sufficient income to settle their loans as they fall due. Loan amounts can be recovered by the Group on adviser accounts as they generate client fees. Management also review historic default rates and experience of recovery of amounts owed by advisers. The macroeconomic environment is assessed to determine whether there are factors which may impact the financial assets of clients and future income which can be generated on these assets. Negative impacts to this may mean that adviser loan assets cannot be recovered. There has been steady market performance in the year and recovery following periods of uncertainty. Management has assessed the expected credit loss to be £nil for 2024 and 2023 for all financial assets.

The expected credit loss of the Group has been assessed as £nil for the year ended 31 December 2024 (2023: £nil). The Group has relative certainty over the collection of fees due which can be recovered through retention of fees charged on client assets managed and advised.

(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 risk committee considers 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. Group-level governance and monitoring processes provide oversight of the management of market risk by the individual businesses.

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 goodwill, client onboarding costs and customer relationships. The assumptions underlying these sensitivities are critical accounting estimates discussed in Note 3.

27 Financial risk management *(continued)*

(v) Foreign exchange rate risk

The Group faces foreign exchange rate risk from borrowing funds at fixed interest rates in foreign currencies. This risk is managed through the strategic use of cross-currency swap contracts. The Group hedges the foreign currency risk on high yield Eurobonds using a fixed-for-fixed cross-currency swap. A 3.0% change in EUR exchange rates, assuming all other variables remain constant, would lead to:

	2024 **£'000**
Impact to OCI	
3.0% increase in EUR to GBP	9,379
3.0% decrease in EUR to GBP	(8,832)

28 Related party transactions

Balances and transactions between the Kane Bidco Limited ("the Company") and its subsidiaries have been eliminated on consolidation and are not presented in this Note. Transactions with key management personnel are shown in Note 9.

During the year ended 31 December 2024, the Group entered into transactions with related parties as follows:

	Transactions with related parties during the year		**Amounts owed by / (due to) related parties**	
	2024 **£'000**	**2023** **£'000**	**2024** **£'000**	**2023** **£'000**
Kane Midco Limited	(152)	(1,725)	(1,338)	(1,490)
The True Potential LLP Discretionary Trust 2009	99	649	(30,095)	(29,996)
Kane Feeder Limited Partnership	-	-	(1,100)	(1,100)
	(53)	**(1,076)**	**(32,533)**	**(32,586)**

Amounts payable to Kane Midco Limited, the parent company, are intragroup transactions payable on demand. They relate to the settlement of administrative and professional fees and the receipt of financing from the intermediate parent, Kane Topco Limited.

The amount payable to Kane Feeder Limited Partnership ("Feeder LP") is a settlement on behalf of other investors for share consideration in the Company. All amounts are repayable on demand.

The only transaction entered into with The True Potential LLP Discretionary Trust 2009 is a trust loan received by the Company. The loan accrues compound interest at the HMRC preferential borrowing rate, has no maturity date and is repayable on demand. These terms are considered preferential to the wider market.

29 Subsidiaries

Subsidiary undertakings	Proportion of ordinary shares held	Nature of business
Directly held:		
*True Potential Group Limited	100%	Holding company
Indirectly held (True Potential Group Limited is the Holding Member/shareholder):		
*True Potential LLP	100%	Corporate Holding Member
*True Potential Holdings Limited	100%	Holding company (dormant)
Indirectly held (True Potential LLP is the Holding Member/shareholder):		
*True Potential Adviser Services LLP	100%	Provision of services to financial services distribution firms
*True Potential Investments LLP	100%	Provision of the Platform and investment management services
*True Potential Wealth Management LLP	100%	Wealth management firm
*True Potential Administration LLP	100%	Authorised Corporate Director for the Funds
*True Potential Nominees Limited	100%	Platform custodian (dormant)
*True Potential Trustee Company Limited	100%	Pension trustee (dormant)

* The registered address of the relevant subsidiaries is:
Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX

During the year, two 100% indirect subsidiaries of the Group, Trem Holdings Limited and C&S Wealth Management Limited, were liquidated. The liquidations were completed on 15 February 2024.

All subsidiary undertakings above are included within the Group consolidation.

30 Contingent liabilities

Through its normal trading activities, the Group is exposed to certain legal issues that could become disputes and which could develop into litigious proceedings, resulting in contingent liabilities.

A contingent liability may also arise in the event of findings in respect of the Group’s tax affairs which could result in a financial outflow to the tax authorities.

The Group works in a changing and complex regulatory environment. As part of its normal course of business, there is communication with the regulator from time to time on a variety of matters relevant to the business. Interactions with the regulator could lead to the identification of issues that could develop into contingent liabilities.

30 Contingent liabilities *(continued)*

As set out in Note 23, the Skilled Person review has led to the suitability of client transfer provision being recognised during the period. This provision is based on Management's conclusion that a risk was present in investment products that were transferred through the historic adviser recruitment programme that commenced in 2018. The Group will implement a redress scheme in 2025, subject to the oversight of a Skilled Person, which could lead to additional client transfers or investment products being identified as needing redress, resulting in further financial outflows and creating a contingent liability.

Separately, uncertainty exists in relation to a specific aspect of the Group's client onboarding process. This relates to the level of information obtained from clients at the point of onboarding via a non-advised route and any potential impact on the Group's ability to subsequently perform suitable ongoing advice. Whilst there may be a probable future outflow to clients in respect of this matter, this cannot reliably be estimated at the reporting date, creating a contingent liability. Further work is required to take place to determine the extent of any issue, with this work expected to commence within 2025.

31 Interest in unconsolidated structured entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group's interests in consolidated and unconsolidated structured entities are described below. The Group does not hold any consolidated structured entities. The Group has interests in structured entities because of contractual arrangements arising from the management of assets on behalf of its clients. The Group's interests are considered standard for a financial advisory and investment management Group. Assets under management include those managed within structured entities. These structured entities consist of unitised vehicles such as OEICs, which entitle investors to a percentage of the vehicle's net asset value. The structured entities are financed by the purchase of units or shares by investors. As fund manager, the Group does not guarantee returns on its funds or commit to financially support its funds. Where external finance is raised, the Group does not provide a guarantee for the repayment of any borrowings. The business activity of all structured entities, in which the Group has an interest, is the management of assets to maximise investment returns for investors from capital appreciation and/or investment income. The Group earns a management fee from its structured entities, based on a percentage of the entity's net asset value. The funds under management of unconsolidated structured entities total £30.3bn (2023: £26.3bn). Included in the revenue on the Consolidated Statement of Comprehensive Income is management fee income of £201.3m (2023: £153.2m) from unconsolidated structured entities managed by the Group.

32 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.

33 Prior period adjustment

A prior year adjustment has been reflected in all Primary Statements and the Notes referenced below in relation to the correction of an over-accrual of interest included within financial liabilities. This correction impacts finance costs and has associated tax impacts and entries relating to the hedge reserve.

Accrued interest payable (within current financial liabilities in Note 22) in relation to the Eurobond held by the Group was overstated by £7.7m in 2023, due to manual error. The adjustment removes the overstated finance cost in 2023 (Note 11), with an increase in profit before tax and impact to retained earnings, and reduces the prior year accrued interest balance (Note 22).

The adjustment results in an increase in the corporation tax payable by £1.8m (Note 13), following the additional profit before tax recognised. An increase in the corporation tax liability has been recognised with a corresponding increase in tax expense in the Consolidated Statement of Comprehensive Income, increasing profit for the year.

The adjustment to accrued interest on the Eurobond also resulted in a reduction to the gain on the cashflow hedge reclassified to profit or loss from OCI by £1.6m. This reduced total comprehensive income for the year and the amount in the hedge reserve on the Consolidated Statement of Financial Position.

The tables below detail the impact of the prior year adjustment to the Primary Statements and Notes.

Impact on Consolidated Statement of Comprehensive Income

	Note	2023	Adjustment	2023 Restated
		£'000	£'000	£'000
Profit or loss				
Finance costs	11	(75,234)	7,724	(67,510)
Profit before income tax		71,534	7,724	79,258
Income tax expense	13	(25,969)	(1,815)	(27,784)
Profit for the year		**45,565**	**5,909**	**51,474**
Other comprehensive income				
Reclassification of gain from OCI to profit or loss	25	13,072	(1,615)	11,457
Other comprehensive income for the year		**3,456**	**(1,615)**	**1,841**
Total comprehensive income		**49,021**	**4,294**	**53,315**
Included within Finance costs				
Finance charges payable on borrowings	11	88,223	(9,339)	78,884
Reclassification of expense on cashflow hedge	11	(13,072)	1,615	(11,457)
Total finance costs		**75,234**	**(7,724)**	**67,510**

33 Prior period adjustment *(continued)*

Impact on Consolidated Statement of Financial Position

	Note	2023	Adjustment	2023 Restated
		£'000	£'000	£'000
Current liabilities				
Current tax liability		(597)	(1,815)	(2,412)
Financial liabilities	22	(96,127)	6,109	(90,018)
Total current liabilities		**(130,192)**	**4,294**	**(125,898)**
Total liabilities		**(1,237,096)**	**4,294**	**(1,232,802)**
Net assets		**1,832,053**	**4,294**	**1,836,347**
Equity				
Hedge reserve	25	278	(1,615)	(1,337)
Retained earnings		36,605	5,909	42,514
Total equity		**1,832,053**	**4,294**	**1,836,347**
Included within Financial liabilities				
Accrued interest	22	25,374	(6,109)	19,265

Impact on Consolidated Statement of Changes in Equity

	Note	2023	Adjustment	2023 Restated
		£'000	£'000	£'000
Profit for the year		45,565	5,909	51,474
Other comprehensive income		3,456	(1,615)	1,841
Total comprehensive income for the year		**49,021**	**4,294**	**53,315**
Balance as at 31 December 2023 and 1 January 2024				
Hedge reserve	25	278	(1,615)	(1,337)
Retained earnings		36,605	5,909	42,514
Total equity		**1,832,053**	**4,294**	**1,836,347**

33 Prior period adjustment *(continued)*

Impact on Consolidated Statement of Cash Flows

	Note	2023	Adjustment	2023 Restated
		£'000	**£'000**	**£'000**
Cash used in operating activities				
Profit before tax		71,534	7,724	79,258
Interest expense		75,234	(7,724)	67,510
Net cash used in operating activities		**(78,671)**	**-**	**(78,671)**
Cashflows from investing activities				
Change in fair value of derivatives		8,375	(8,375)	-
Net cashflows from investing activities		**10,331**	**(8,375)**	**1,956**
Cashflows from financing activities				
Interest paid		(61,406)	1,742	(59,664)
Foreign exchange movement on high yield bond		(6,633)	6,633	-
Net cashflows from financing activities		**136,793**	**8,375**	**145,168**

34 Events after the reporting period

In March 2025 the Company issued a further £175.0m floating rate bond on TISE. The coupons on the bond are payable quarterly at SONIA plus 5.0%. The bond is due March 2030. The bond can be optionally redeemed at par from March 2027.