

Kane Bidco Limited

Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2024 (unaudited)

Jersey Registered Number: 137782

Kane Bidco Limited

Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2024

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Kane Bidco Limited

Directors and advisers for the three months ended 31 March 2024

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Kane Bidco Limited

Interim management report for the three months ended 31 March 2024

Introduction

Kane Bidco Limited (“the Company”) is the sole equity investor in True Potential Group Limited, the parent company of the True Potential Group (“TPG”). These condensed consolidated interim financial statements for the three month period ended 31 March 2024 comprise the Kane Bidco Group (“the Group”, “KBG”) representing the consolidated group of the Company and TPG. The Group’s principal activities are the provision of financial advisory, investment management services and support services to retail investors and financial advisers.

The purpose of these statements is to show the financial performance and the financial position of the Group for the three month period ended 31 March 2024.

Kane Bidco Group business review

The Group has started 2024 with continued positive gross inflows, recording £1.5bn gross inflows during the three month period that ended on 31 March 2024 (three month period ended 31 March 2023 £1.6bn). Total inflows for the year-ended 31 December 2023 were £6.2bn.

The client service proposition continues to be innovated by our in-house development team, who build client focused fully-integrated technology and provide support for financial advisers, encouraging direct gross inflows and keeping clients in control of their money. As of 31 March 2024, 1,157 financial advisers were appointed in the Group’s subsidiary, True Potential Wealth Management LLP. Asset inflows through financial advisers and directly from clients resulted in £30.6bn of client assets on the True Potential Platform as of 31 March 2024 (31 December 2023: £28.5bn) and £28.2bn of assets under management within True Potential Investments own funds (31 December 2023: £26.2bn).

The Group generated gross revenue of £114.6m in the three month period ending 31 March 2024 (three month period ending 31 March 2023: £96.1m).

The Group generated earnings before interest, taxes, depreciation and amortisation (“EBITDA”) for the three month period to 31 March 2024 of £61.1m, with a profit before taxation of £16.1m (three month period ending 31 March 2023: £52.3m and £21.7m respectively).

The Group recorded a total of 2,669,154 client logins, with 2,179,010 of those being through our True Potential app in the three month period ending 31 March 2024. This high level of engagement also led to sales directly to clients, with 13,824 top ups through our unique impulseSave® technology to the value of £69.6m in Q1. Clients transferred a further 8,055 policies through our Digital Direct Offer process, with a total value of £663.4m

The Group support standards for clients remained high, with our Customer Care team answering 30,411 phone calls, 10,003 live chats and 68,088 emails over the three months ended 31 March 2024 (24,450 phone calls, 8,935 live chats and 9,088 emails respectively for the three months ended 31 March 2023). Our average answer time Q1 was 13 seconds (quarter-ended 31 March 2023: 90 seconds) for phone calls showing our continued investment in customer service. As a result of our levels of service, we maintained our ‘Excellent’ rating on Trustpilot and our rating on Google Reviews of 4.9 out of 5.

Finally, our charitable work continued over the quarter with staff raising money for great causes including the Eagles Community Foundation, The Sunshine Fund and Smart Works.

Kane Bidco Limited

Interim management report for the three months ended 31 March 2024 (*continued*)

Principal risks and uncertainties

The principal risks and uncertainties identified by Management in the most recent annual financial statements continue to be prevalent in the current reporting period. The Group contains FCA regulated subsidiaries offering wealth management advice, investment management and fund administration. Robust systems of control are implemented within regulated subsidiaries to ensure ongoing compliance with regulatory requirements. Management continues to engage with the regulator on a variety of topics which are relevant to the Group to help navigate the changing and complex regulatory environment.

The Group continues to hold significant external debt and complies with debt covenants, giving credit risks arising on borrowings. Management closely monitor covenant compliance and borrowing levels, utilising cash flow forecasting to ensure that the associated risks are managed appropriately. Management are confident that the Group has sufficient liquidity to service its external borrowings and is well-positioned to utilise available facilities to continue expanding the business.

Impairment of assets

The Group holds significant intangible and tangible asset balances including goodwill, brand, customer relationships, client onboarding costs and property, plant and equipment. Impairment of some non-current assets is a critical accounting estimate with related key judgements discussed in more detail within the Notes to the financial statements. Management review indefinite-life intangible assets for impairment at least annually. Goodwill and other asset are reviewed for impairment on an ad hoc basis where potential indicators of impairment exist. Management have determined that no such impairment indicators exist up to the date of signing the interim financial statements. No detailed impairment review has been completed in the preparation of the financial statements.

On behalf of the Board



Rebecca Hunter

Director

28 May 2024

Kane Bidco Limited

Jersey Registered Number: 137782

Kane Bidco Limited

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the condensed interim financial statements for the three month period ended 31 March 2024 in accordance with applicable law and regulation.

The Directors can confirm that these condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Directors are also 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 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.

On behalf of the Board



Rebecca Hunter

Director

28 May 2024

Kane Bidco Limited

Jersey Registered Number: 137782

Kane Bidco Limited

Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2024

		Three months to	
	Note	31 March 2024 (unaudited) £'000	31 March 2023 (unaudited) £'000
Revenue	4	114,554	96,115
Fee expenses	5	(36,109)	(30,022)
Net revenue		78,445	66,093
Total administrative expenses	6	(36,455)	(30,278)
Operating profit		41,990	35,815
Finance income	8	1,339	294
Finance costs	8	(27,256)	(14,440)
Profit before income tax		16,073	21,669
Income tax expense	9	(10,968)	(6,604)
Profit for the period		5,105	15,065
Other comprehensive income			
Gain / (loss) on cash flow hedges:			
Loss on changes in fair value of hedging instruments during the period	20	(6,066)	(880)
Reclassification of gain from OCI to profit or loss	20	4,915	-
Other comprehensive loss for the period		(1,151)	(880)
Total comprehensive income for the period		3,954	14,185

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

Kane Bidco Limited

Condensed Consolidated Statement of Financial Position as at 31 March 2024

Jersey Registered Number: 137782

		31 March 2024 (unaudited) £'000	31 December 2023 £'000
ASSETS			
Non-current assets			
Goodwill	11	1,621,702	1,621,702
Intangible assets	11	838,054	851,689
Property, plant and equipment	12	3,102	3,404
Client onboarding costs	13	427,506	405,739
Financial assets	14	5,946	9,009
		2,896,310	2,891,543
Current assets			
Trade and other receivables	15	51,197	47,912
Current tax asset		1,255	-
Cash and cash equivalents	16	129,704	129,694
		182,156	177,606
Total assets		3,078,466	3,069,149
LIABILITIES			
Current liabilities			
Trade and other payables	17	(34,039)	(32,011)
Financial liabilities	18	(72,788)	(96,127)
Provisions	19	(1,148)	(1,457)
Current tax liability		-	(597)
		(107,975)	(130,192)
Non-current liabilities			
Financial liabilities	18	(1,016,890)	(989,309)
Deferred tax		(117,594)	(117,595)
		(1,134,484)	(1,106,904)
Total liabilities		(1,242,459)	(1,237,096)
Net assets		1,836,007	1,832,053
EQUITY			
Share capital		1,795,170	1,795,170
Hedge reserves	20	(873)	278
Retained earnings		41,710	36,605
Total equity		1,836,007	1,832,053

The notes on pages 9 to 22 are an integral part of these financial statements. The financial statements on pages 5 to 22 were authorised for issue by the Board of Directors on 28 May 2024 and were signed on its behalf by:



Rebecca Hunter
Director

Kane Bidco Limited

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2024

	Share capital £'000	Hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2023 and 1 January 2024	1,795,170	278	36,605	1,832,053
Comprehensive income for the period				
Profit for the period	-	-	5,105	5,105
Other comprehensive loss	-	(1,151)	-	(1,151)
Total comprehensive income for the period	-	(1,151)	5,105	3,954
Balance as at 31 March 2024	1,795,170	(873)	41,710	1,836,007
	Share capital £'000	Hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2022 and 1 January 2023	1,795,170	(3,178)	(8,960)	1,783,032
Comprehensive income for the period				
Profit for the period	-	-	15,065	15,065
Other comprehensive loss	-	(880)	-	(880)
Total comprehensive income for the period	-	(880)	15,065	14,185
Balance as at 31 March 2023	1,795,170	(4,058)	6,105	1,797,217

The notes on pages 9 to 22 are an integral part of these financial statements.

Kane Bidco Limited

Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2024

	Note	Three months to	
		31 March 2024 (unaudited) £'000	31 March 2023 (unaudited) £'000
Cashflows from operating activities			
Profit before tax		16,073	21,669
Adjustments for:			
Depreciation of property, plant and equipment and right of use assets	6	368	364
Amortisation of intangible assets	6	13,635	13,648
Amortisation of client onboarding costs	6	5,122	2,440
Interest income	8	(1,339)	(294)
Interest expense	8	27,256	14,440
Operating cash inflows before movements in working capital		61,115	52,267
Movements in working capital			
Increase in trade and other receivables	15	(3,285)	(5,815)
Increase in trade and other payables		1,719	3,645
Increase in client onboarding costs		(44,779)	(50,333)
Total movements in working capital		(46,345)	(52,503)
Operating cashflows after movements in working capital		14,770	(236)
Corporation tax paid		(12,821)	(8,204)
Net cashflows from operating activities		1,949	(8,440)
Cashflows from investing activities			
Purchase of property, plant and equipment	13	(66)	(94)
Interest received	8	1,339	294
Payment of adviser loans	14	(402)	-
Change in fair value of derivatives		2,314	-
Net cash inflows from investing activities		3,185	200
Cashflows from financing activities			
Drawdown of finance loans	18	-	48,485
Repayment of credit agreement	18	(864)	-
Interest paid		(29,793)	(23,259)
Foreign exchange movement on high yield bond		(4,237)	-
Drawdown of revolving credit facility		30,400	15,000
Lease principal payments		(630)	(144)
Net cashflows from financing activities		(5,124)	40,082
Net increase in cash and cash equivalents		10	31,842
Cash and cash equivalents at the beginning of the period	16	129,694	61,241
Cash and cash equivalents at the end of the period	16	129,704	93,083

The notes on pages 9 to 22 are an integral part of these financial statements.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024

1 General information

Kane Bidco Limited (the “Company”) is a holding company with sole ownership of True Potential Group Limited. On Consolidation, the Company and its subsidiaries (collectively referred to as the “Group” or “KB Group”) specialise in providing financial advisory, investment management services and support services to retail investors and financial advisers. The Company is a private entity limited by shares, incorporated in Jersey. The registered office is located at Aztec Group House, IFC 6, The Esplanade, St Helier, Jersey, JE2 3BZ. The immediate parent company is Kane Midco Limited, a Jersey registered company.

2 Material accounting policies

2.1 Basis of preparation

These interim financial statements for the three months ended 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Companies (Jersey) Law 1991. They should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance since the last annual financial statements. The policies have been applied consistently to all periods presented.

These financial statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets that have been measured at fair value. The financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2.2 Going concern

Management have considered the Group’s current and future prospects, risks and uncertainties and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for at least 12 months from the date of signing of these financial statements. The Group is cash generative, there is a net asset position with sufficient cash resources and other financing facilities available. Management has prepared detailed cash flow forecasts which show continued covenant and regulatory capital compliance. The forecasts positively show significant headroom to capital requirements both throughout the period and at the period-end. For this reason, the Directors continue to adopt the going concern basis of preparation for these financial statements.

These interim financial statements were authorised for issue by the Board of Directors on 28 May 2024.

3 Critical accounting estimates and judgements

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

- Value of client onboarding costs
- Expected life of client onboarding costs
- Impairment of client onboarding costs
- Impairment of goodwill
- Expected life of customer relationships
- Impairment of customer relationships

Application of these estimates is consistent with the approach followed in preparing the Annual Group accounts for the year ended 31 December 2023.

There are a number of key judgements which Management continue to monitor in respect of the critical estimates. Where there are significant changes in these judgements, it may be considered a potential indicator of impairment of assets, triggering an impairment review of certain asset classes in the period. The judgements include the Group discount rate used to appraise projects and forward-looking cashflows, attrition of customers receiving Group services, market growth expectations, fee rates charged to customers and the useful-economic lives of assets.

No material changes to the core assumptions underpinning critical accounting estimates and judgements have been noted in the three months ended 31 March 2024 or to the date of signing the financial statements. In addition, no other external impairment indicators have been noted by Management in this period.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

4 Revenue

Turnover is attributable to the Group's continuing principal activities and arises wholly within the United Kingdom.

(i) Disaggregation of Revenue

	Adviser services £'000	Wealth management advice £'000	Platform fees £'000	Investment management fees £'000	Total £'000
Three months ended 31 March 2024					
Revenue	907	41,662	27,995	43,990	114,554
Three months ended 31 March 2023					
Revenue	1,089	57,269	3,050	34,707	96,115

Adviser services

Revenue represents fees earned from the provision of back-office services to financial advice companies. Revenue is recognised on a receivable basis and arises fully within the UK.

Wealth management advice

Revenue represents fees earned from restricted wealth management advice proposition. Revenue is recognised on an accruals basis and arises fully within the UK. Revenue generated above is earned over time, with the exception of fees earned through initial advice offered by self-employed advisers and the central advice team, which is recognised at a point in time. The value of this revenue, included in wealth management advice, in the three months ended 31 March 2024 was £4.8m (three months ended 31 March 2023: £4.8m).

Platform fees

Revenue represents fees earned from provision of a wealth platform and investment management. Revenue is recognised on an accruals basis and arises fully within the UK.

Investment management fees

Revenue represents fees and charges earned from investment funds management and performance fees in relation to those funds.

5 Fee expenses

Fee expenses mainly comprises fees paid to financial advisers which amounted to £24.8m in the three months ended 31 March 2024 (three months ended 31 March 2023: £20.6m) and sub fund manager fees which amounted to £9.5m in the three months ended 31 March 2024 (three months ended 31 March 2023: £8.6m).

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

6 Administrative expenses

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

	Three months to	
	31 March 2024	31 March 2023
	£'000	£'000
Amortisation - intangible assets	13,635	13,648
Amortisation - client onboarding costs	5,122	2,440
Depreciation	368	364
Staff costs	7,251	5,441
Marketing	1,029	899
Regulatory fees and levies	514	1,005
Insurance	764	940
Legal and professional costs	1,804	1,691
Platform and technology running costs	2,251	2,070
Other expenses	3,717	1,780
	36,455	30,278

7 Alternative performance measures

	Three months to	
	31 March 2024	31 March 2023
	£'000	£'000
Operating profit	41,990	35,815
Add back: Amortisation	18,757	16,088
Add back: Depreciation	368	364
EBITDA	61,115	52,267

Earnings before interest, depreciation and amortisation ("EBITDA") as an alternative performance measure ("APM") is used by management as an industry comparator by removing company specific accounting estimates, financing arrangements and tax laws applicable to the jurisdiction in which the company operates. The closest relevant metric under IFRS to start with is operating profit as per the Statement of Comprehensive Income and adding back amortisation and depreciation.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

8 Finance income and costs

	Three months to	
	31 March 2024	31 March 2023
	£'000	£'000
(i) Finance income		
Interest on liquidity funds	1,261	237
Other interest income	78	57
Total finance income	1,339	294

Investments 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.

	Three months to	
	31 March 2024	31 March 2023
	£'000	£'000
(ii) Finance costs		
Finance charges payable on borrowings	27,243	14,420
Interest on lease liabilities	13	20
Total finance costs	27,256	14,440

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 period within finance charges payable on borrowings.

9 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. The tax expense in profit or loss for the period is higher than the standard rate of corporation tax in the UK of 25.0% (2023: 19.0%). The differences are explained below.

	Three months to	
	31 March 2024	31 March 2023
	£'000	£'000
Profit on ordinary activities before taxation	16,073	21,669
Profit before taxation multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 19.0%)	4,018	4,117
<i>Effect of:</i>		
Disallowed expenses and non-taxable income	1,970	2,487
Movement on intangible assets	4,980	-
Total tax charge for the period	10,968	6,604

On 1 April 2023 the corporation tax rate increased from 19.0% to 25.0%. The effective tax rate in the three months ended 31 March 2024 was 68.2% (three months ended 31 March 2023: 30.5%).

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 *(continued)*

10 Dividends

No dividends were paid or payable in the three months ended 31 March 2024 (three months ended 31 March 2023: none).

11 Goodwill and other intangible assets

The cost and carrying value of goodwill is £1,621.7m (31 December 2023: £1,621.7m). Goodwill arose entirely on the acquisition of True Potential Group Limited in 2022. Goodwill is 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.

Other intangible assets form part of the residual assets held by the Group, with carrying value at 31 March 2024 of £838.1m (31 December 2023: £851.7m).

(i) Impairment assessment

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Residual assets held by the Group are tested where there are indicators that they may be impaired, but form part of the annual goodwill impairment assessment.

As at 31 March 2024 and to the date of this report, Management have not identified any factors that could trigger a full impairment assessment of goodwill or other intangible assets. The assumptions in critical accounting estimates and judgements in relation to these areas are discussed in Note 3. These factors have not materially changed in the three months to 31 March 2024.

No impairments have been recognised in the period (year ended 31 December 2023: nil).

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

11 Goodwill and other intangible assets (continued)

(ii) Intangible assets other than goodwill

	Brand	Customer relationships	Internally generated assets	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2023 and 1 January 2024					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(14,990)	(86,436)	(3,774)	(219)	(105,419)
Net book value	34,871	798,771	17,913	134	851,689
Three months ended 31 March 2024					
Opening net book value	34,871	798,771	17,913	134	851,689
Amortisation charge for the period	(1,937)	(11,127)	(542)	(29)	(13,635)
Closing net book value	32,934	787,644	17,371	105	838,054
At 31 March 2024					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(16,927)	(97,563)	(4,316)	(248)	(119,054)
Net book value	32,934	787,644	17,371	105	838,054

Brand includes the True Potential brand which was recognised at fair value.

Customer relationships were acquired at their fair value on acquisition of the True Potential Group Limited in 2022. These customer relationships were internally generated by TPG through the client assets it held on the True Potential Platform at the acquisition date. They also relate to the acquired client onboarding costs recognised under IFRS 15 by TPG at acquisition. Subsequently, they are held at this cost less accumulated amortisation and any impairment.

Internally generated assets are primarily capitalised staff costs allocated to development projects, including costs allocated to the development of the True Potential platform and fund set-up costs. Staff costs are capitalised from the point the asset is likely to be completed. Amortisation commences from the point the asset is in full use over a period of 10 years.

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

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

12 Property, plant and equipment

	Fixtures, fittings, and equipment £'000	Short leasehold buildings £'000	Total £'000
At 31 December 2023 and 1 January 2024			
Cost	4,415	1,815	6,230
Accumulated depreciation	(2,173)	(653)	(2,826)
Net book value	2,242	1,162	3,404
Three months ended 31 March 2024			
Opening net book value	2,242	1,162	3,404
Additions	66	-	66
Depreciation	(284)	(84)	(368)
Closing net book value	2,024	1,078	3,102
At 31 March 2024			
Cost	4,481	1,815	6,296
Accumulated depreciation	(2,457)	(737)	(3,194)
Net book value	2,024	1,078	3,102

13 Client onboarding costs

	31 March 2024 £'000	31 December 2023 £'000
At 1 January	405,739	233,605
Additions	26,889	185,566
Amortisation	(5,122)	(13,431)
At 31 March 2024 and 31 December 2023	427,506	405,739

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

In the three months ended 31 March 2024, £26.9 m of client onboarding costs have been added to the Statement of Financial Position (year-ended 31 December 2023: £185.6m). This represents management's best estimate of expected payments for the onboarding of revenue contracts. Management use judgement to assess the carrying value of client onboarding costs, as discussed in Note 3. Management have determined that significant judgements and assessments used in assessing this carrying value have not materially changed in the three months ended 31 March 2024.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

14 Financial assets

	31 March 2024 £'000	31 December 2023 £'000
Cross currency swap asset	5,544	9,009
Loan assets	402	-
	5,946	9,009

The Group hedges the foreign currency risk on high yield Eurobonds using a fixed-for-fixed cross-currency swap where the foreign currency basis spread, and forward elements are excluded from the designation of the hedging instrument. The cross-currency swap asset is designated and effective as a hedging instrument and is carried at fair value. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Loan assets are loans to financial advisers which are repayable after two years. The loans accrue interest income at the Bank of England base rate plus 6.0%.

15 Trade and other receivables

	31 March 2024 £'000	31 December 2023 £'000
Prepayments and accrued income	5,627	4,541
Platform fees	9,278	8,639
Fund management fees	14,996	15,212
Advice fees	13,933	12,610
Other debtors	7,363	6,910
	51,197	47,912

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

Loans to advisers are recognised in line with IFRS 9, at amortised cost less any provision for expected credit loss.

16 Cash and cash equivalents

	31 March 2024 £'000	31 December 2023 £'000
Cash held at bank	23,827	21,446
Investment in liquidity funds	105,877	108,248
	129,704	129,694

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

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

17 Trade and other payables

	31 March 2024 £'000	31 December 2023 £'000
Trade payables	1,580	788
Other taxes and social security	926	2,431
Accruals and deferred income	7,764	6,742
Sub fund manager fees	7,884	7,479
Adviser fees	8,902	7,693
Intercompany payable – Kane Midco	2,285	1,490
Other payables	4,698	5,388
	34,039	32,011

Trade payables represent payments due on all overhead expenditure with settlement being made within 30 days. 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 – 120 days. Adviser fees represent payments to wealth management partners for the servicing of customer advice with settlement being made within 30 days.

18 Financial liabilities

	31 March 2024 £'000	31 December 2023 £'000
Current		
Lease liabilities	13	630
Client onboarding liabilities	20,216	38,106
Credit agreement	1,099	1,963
Finance loan	57	58
Trust loan	30,164	29,996
Accrued interest	21,239	25,374
	72,788	96,127
Non-current		
Lease liabilities	730	730
High yield bonds	696,316	699,536
Revolving credit facility	49,957	19,514
Listed bonds	269,887	269,529
	1,016,890	989,309

(i) Client onboarding liabilities

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

(ii) Listed bonds

All listed debt, including high yield bonds issued in 2022 and other bonds issued in 2023, were issued on The International Stock Exchange (“TISE”) with various fixed and floating interest coupons. The bonds are due in 2027 and 2028.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

18 Finance liabilities (continued)

(iii) Revolving credit facility

The revolving credit facility ("RCF") has up to £120.0m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum facility. Interest on the RCF is accrued at SONIA plus 3.5%. The RCF matures in February 2027. In the three months ended 31 March 2024, an additional £30.4m was drawn on the RCF to finance Group trading activities.

(iv) Trust loan

The Trust loan is payable to the True Potential LLP Discretionary Trust 2009 ("the Trust"), has no maturity date and is repayable on demand. Interest on the trust loan is compounded at 2.0%.

(v) Credit agreement

The credit agreement is a short-term financing arrangement entered into during 2023, for professional indemnity insurance costs. The credit agreement is payable in 2024.

19 Provisions

	Complaints provision	
	31 March 2024	31 December 2023
	£'000	£'000
At 1 January	1,457	3,137
Provided for in the period / year	153	479
Utilised during the period / year	(350)	(1,532)
Released in the period / year	(112)	(627)
At 31 March 2024 and 31 December 2023	1,148	1,457

Complaints provisions held within True Potential Wealth Management LLP relate to the expected cost of correcting deficiencies, compensation and redress associated with investment advice given. The provision represents managements best estimate of expected outcomes based on previous experience and a review of the details of each case. The best estimate of the timing of outflows is that the majority of the balance is expected to be settled within 12 months.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

20 Hedging

	31 March 2024 £'000	31 December 2023 £'000
At 1 January	278	(3,178)
Loss arising on changes in fair value of hedging instruments during the period	(6,066)	(9,616)
Gain reclassified to profit or loss	4,915	13,072
At 31 March 2024 / 31 December 2023	(873)	278
Of which		
Balance related to continuing cash flow hedges	(873)	278

Gains and losses reclassified to profit or loss are recognised within finance costs.

21 Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not presented in this note. During the three months ended 31 March 2024, the Group entered into transactions with related parties as follows.

	Transactions with related parties		Amounts due to related parties	
	31 March 2024 £'000	31 December 2023 £'000	31 March 2024 £'000	31 December 2023 £'000
Kane Midco Limited	795	(1,725)	(2,285)	(1,490)
The True Potential LLP Discretionary Trust 2009	168	649	(30,164)	(29,996)
Kane Feeder Limited Partnership	-	-	(1,100)	(1,100)
	963	(1,076)	(33,549)	(32,586)

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 (continued)

22 Subsidiaries

Subsidiary undertakings	Proportion of ordinary shares held	Nature of business
Directly held:		
True Potential Group Limited	100.0%	Holding company
Indirectly held (True Potential Group Limited is the Holding Member):		
True Potential LLP	100.0%	Corporate Holding Member
True Potential Holdings Limited	100.0%	Holding company (dormant)
Indirectly held (True Potential LLP is the Holding Member or Parent):		
True Potential Adviser Services LLP	100.0%	Provision of services to financial services firms
True Potential Investments LLP	100.0%	Provision of a wealth platform
True Potential Wealth Management LLP	100.0%	Wealth management firm
True Potential Administration LLP	100.0%	Authorised corporate Director
True Potential Trustee Company Limited	100.0%	Dormant
True Potential Nominees Limited	100.0%	Dormant

The registered address for these subsidiary undertakings is Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX.

The liquidation of two 100% indirect subsidiaries of the Group, Trem Holdings Limited and C&S Wealth Management Limited, was completed on 15 February 2024. No other changes have been noted in the value of investments in the period ended 31 March 2024.

Management believes the carrying value of the investments is supported by their underlying net assets.

23 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 in Group subsidiaries with the regulator could lead to the identification of issues that could develop into contingent liabilities.

All such matters are periodically reassessed. At 31 March 2024 no reasonable estimates of the financial impacts of the matters above have been made.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 31 March 2024 *(continued)*

24 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.

25 Events after the reporting period

There were no significant subsequent events after 31 March 2024 to the date of this report.