

True Potential Group Limited

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

Registered number 09917444

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

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True Potential Group Limited

Directors and advisers for the year ended 31 December 2022

Directors

David Harrison
Daniel Harrison
Mark Henderson (Resigned 21 January 2022)
Earl Glasgow (Resigned 21 January 2022)
Peter Coward (Resigned 21 January 2022)
Neil Johnson (Resigned 28 February 2023)
George Peebles
Rebecca Hunter (Appointed 21 January 2022)
Jodi Balfe (Appointed 21 January 2022)
Caspar Berendsen (Appointed 21 January 2022)
Andrea Bertolini (Appointed 21 January 2022) (Resigned 9 September 2022)
Samy Jazaerli (Appointed 21 January 2022)

Registered office

Newburn House
Gateway West
Newburn Riverside
Newcastle upon Tyne
NE15 8NX

Bankers

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

Independent auditors

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

True Potential Group Limited

Chairman's Report for the year ended 31 December 2022

I ended my remarks in last year's annual report with a reference to True Potential's business growth over the last 15 years. As I wrote those words, I didn't know that 'growth' would come to dominate political and economic conversations in 2022. It continues to do so and with a UK general election at most 18 months away, you're going to hear a lot more about growth.

In her record-breaking, short-lived premiership, Liz Truss talked about 'growth, growth, growth'. Her list of positive achievements in those 49 days is not long, but she was right to make growth her mission. There is now a consensus among our political leaders that growing the British economy is the priority, even if they don't have the answer to the vexed question of how to do it.

The good news is that growth is already happening and True Potential is a flourishing example of it. Since the founding partners mortgaged their homes and set up True Potential in 2007 – yes, just in time for the financial crash – the business has grown 41% per year on average. Over the same period, the British economy has averaged 1.2% growth per year.

Our in-house investment team now manages over £22 billion of our clients' money and they have exposure to global investment experts who, after the widespread turbulence in investment markets we saw in 2022, are exceptionally positive and optimistic about the outlook. Historically the United States has been a driver of global growth with investment returns to match. The S&P 500's average annual return over the last 20 years is 9.8% while the Dow Jones also achieved 9.8%. Exposure to other markets, both developed and emerging will be necessary in this rapidly evolving world.

The True Potential Portfolios are further evidence of long-term growth. Between October 2015, when we launched the Portfolios, and December 2022, the Balanced Portfolio has delivered annualised growth for clients of 4.58% after fund fees, while our Aggressive Portfolio has achieved 7.33%. You will be aware that during this period we have had the Covid epidemic and a continuing war in Ukraine which have caused stock and bond market turbulence, worldwide.

So, some short-term volatility is inevitable but sustained growth over the long-term, whether in investments or the broader economy, is a better measure of success. As Chairman of this great and growing business, I'm proud to say that in this report you can see how True Potential achieved its 15th year of consecutive growth, but the first with our partners, Cinven, by our side. The results in this annual report show that the partnership is working as it was intended to do. There is much more to be excited about as we look to the future together and we have skin in the game.

I have a bias that says if a businessman who is totally invested in his own business, makes a mistake, then they suffer, and that is probably the best way to judge whether to invest in that business or those funds. Simply recommending a course of action to others where there is no penalty for poor performance is a bad model. The senior partners and a large proportion of management at True Potential are not only shareholders but investors in the same funds as our clients. Skin in the game is the best guide and my question to any adviser is always, where is your money, is it in the same place you are recommending to me?

True Potential Group Limited

Chairman's Report for the year ended 31 December 2022 (continued)

With three Prime Ministers, 2022 was a dramatic reminder that faces and ideas come and go. In politics, as in business, change is inevitable. A further changing of the guard will come sooner or later but one thing will remain the same. True Potential was built for growth and has delivered it for 15 years. As we look to the next 15 years, we are in the strongest possible position, and I am full of optimism.



Sir David Harrison
Chairman
28 March 2023

True Potential Group Limited

Strategic Report for the year ended 31 December 2022

Chief Executive's Report

With an ongoing war in Ukraine, three UK Prime Ministers and a surge in interest rates, clients turned to us more than ever for help with their finances.

I'm incredibly proud of our response to the challenges of 2022. Our financial advisers and support staff worked harder than ever to support the needs of our clients when they needed us most. We produced more content, hosted more webinars and met more people face-to-face than ever before - making sure we stood up to be counted.

We understand the stresses that depressed and volatile markets bring to investors – because we're in the same boat with you. Our Directors, advisers and staff all invest in the same Portfolios as our clients - meaning we have true 'skin in the game' - in the good times and the tough times.

If you're a regular listener to our podcast, you'll have heard me say "tough times don't last, tough people do". We've been through plenty of tough times in the past few years but our optimism for the future remains strong and there are signs that 2023 will look brighter.

As a result of our services to both financial advisers and consumers, clients added £6.7 billion of investments to the True Potential Platform in 2022. This was another record result for the business and an increase of 4% on 2021. We also saw our EBITDA increase to £176 million for the year, up from £146 million in 2021. Doing so under the stresses of an unusually difficult year for markets is a sign our strategy continues to work for our clients, financial advisers and True Potential.

At the end of 2022, 125,000 clients were benefitting from hybrid financial advice from True Potential Wealth Management. As well as having access to an expert financial adviser, these clients use our industry leading and award-winning technology to stay in control of their investments 24/7. In addition, another 314,000 investors access our True Potential Platform through a financial adviser – meaning we looked after over £23.3 billion of people's money at 31 December 2022, increasing to £24.5 billion at the time of writing.

Many of these clients choose to invest in our flagship True Potential Portfolios, which are managed in-house by our dedicated Investment Management firm, True Potential Investments. As of March 2023, £24.5 billion of assets are held on our platform with £21.3 billion in our Portfolios – an increase of over £4 billion from the same time last year.

In times of uncertainty, having access to their investments at the touch of a button has been invaluable for clients. Over 2022, we saw a record 6.9 million logins to our purpose-built technology, with 4.7 million of those being through our newly rebuilt mobile app.

We were delighted to welcome 284 new financial advisers to the Group in 2022, ending the year with more than 1,000 Wealth Management Partners representing the firm across the UK. We're incredibly proud of reaching this milestone and pushing further forwards with the 36 who've joined us in the first two months of 2023.

On a more personal note, our Chairman Sir David Harrison received two honours last year - a Doctorate from the Open University and a Knighthood for services to business and education. Allow me to pass on our sincere congratulations for this well-deserved recognition.

True Potential Group Limited

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

Chief Executive's Report (continued)

Before I close this introduction, let me pay tribute to the incredible hard work and dedication of our staff throughout the year. We now employ over 450 members of the staff, with more than 50 of those gaining new qualifications in 2022 – you are all credit to the clients who trust us to look after their money.

I hope that you enjoy reading this year's annual report. If you've been involved with supporting the business as an employee, financial adviser or client let me place on record my sincere thanks for your support once again.

A handwritten signature in black ink, appearing to read 'Daniel Harrison', with a long horizontal flourish extending to the right.

Daniel Harrison
Chief Executive Officer
28 March 2023

True Potential Group Limited

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

Our Mission

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

Hybrid advice

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

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

When clients choose to get in touch, they're supported by our dedicated Customer Care team, who are available to help from 7am to 8pm weekdays. Last year, this team answered 67,077 phone calls (2021: 51,586), 45,634 emails (2021: 18,965) and 40,668 live chats (2021: 21,263) to help our clients do more with their money. While our Customer Care team can deal with the majority of enquiries, they can also set up meetings with our expert financial advisers – ensuring our clients get the service they need at a time that suits them.

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

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

Innovative investments

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

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

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

With over £20 billion (2021: over £17 billion) of assets and 157,000 (2021: 122,000) clients invested in our True Potential Portfolios, 2022 saw more people than ever before benefit from our fee-free discretionary fund management expertise.

True Potential Group Limited

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

Innovative investments (continued)

Portfolio performance

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

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

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

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

True Potential Portfolio	2021-2022 performance	Annualised Cumulative growth Since Launch
True Potential Defensive Portfolio	(7.43) %	+1.95%
True Potential Cautious Portfolio	(8.75) %	+3.32%
True Potential Cautious + Portfolio	(9.99) %	+3.34%
True Potential Cautious Income Portfolio	(8.39) %	+4.01%
True Potential Balanced Portfolio	(10.50) %	+4.58%
True Potential Balanced + Portfolio	(10.49) %	+5.14%
True Potential Balanced Income Portfolio	(9.11) %	+4.42%
True Potential Growth Portfolio	(10.17) %	+6.31%
True Potential Growth + Portfolio	(11.01) %	+6.15%
True Potential Aggressive Portfolio	(9.22) %	+7.33%

True Potential funds launched on 1 October 2015

Award-winning technology

Building our technology in-house means we can develop and release new technology throughout the year, innovating and delivering new features to help our clients do more with their money. Our clients make full use of the technology we provide for them, with 6.9 million logins over 2022 (2021: 5.4m). 4.7 million logins were through our mobile app, a record number that proves our 'mobile first' strategy was ahead of the game and continuing to grow. 2022 began with our biggest ever release of client technology – fully rebuilt apps and online accounts with improved speed, reliability, and security. For the first time we saw our True Potential app overtake the web as the most popular way for clients to track their investments.

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

Over the year, our clients made £1.4 million (2021: £0.2m) of purchases through the feature, adding the savings to their investments at no cost.

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

True Potential Group Limited

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

Award-winning technology (continued)

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

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

Financial Review

Summary

The board monitors the financial performance of the Group by reference to the following key performance indicators (KPIs) in addition to the statutory financial metrics reported in these financial statements to review against the Groups strategy of deployment of our hybrid advice model to UK investors. These financial statements are the first financial statements of the Group presented under International Financial Reporting Standards (IFRS), with comparative financial information restated under IFRS. A reconciliation of Earnings before interest, tax, depreciation and amortisation (EBITDA) has been included in Note 11 Alternate Performance Measures (APMs) of these financial statements.

	Type	2022 £'000	2021 £'000	Var %
Gross inflows (£m)	KPI - APM	6,734	6,502	3.6%
Assets under management (£m)	KPI - APM	23,264	20,666	12.6%
Gross revenue	Statutory	337,854	290,393	16.3%
Net revenue	APM	225,855	188,933	19.6%
EBITDA	APM	176,169	146,405	20.4%
Profit before tax	Statutory	115,267	86,947	32.6%
Client onboarding costs assets	Statutory	632,601	419,212	50.9%
Cash and cash equivalents	Statutory	61,125	28,469	114.7%

Gross inflows

The Group defines gross inflows as client assets introduced and invested in the True Potential platform in the year, and is not a statutory financial measure. Gross inflows for the year to 31 December 2022 was £6.7bn, up 3.6% compared to 2021 against a backdrop of challenging market conditions. The board are pleased to see continued growth despite these conditions.

Assets under management

The Group defines assets under management (AuM) as True Potential client assets invested on the True Potential Platform and investment funds. AuM at the year ended 31 December 2022 were £23.3bn, up 12.6% from £20.7bn in 2021. The Gross inflows underpin the growth in assets under management, despite significant market headwinds. The board is pleased to present continued growth in AuM in comparison to the movement of asset prices.

Gross revenue

The Group recorded its highest ever Gross revenue at £337.9m, up 16.3% on the prior year. With Advice fees reaching £123.8m up 22% from £101.2m in 2021. Platform fees were also up 25% to £82.7m from £66.0m, along with Investment Management fees up 29.8% to £127.2m from £98.0m, all directly linking to the increased AuM in the year.

True Potential Group Limited

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

Financial Review (continued)

Net revenue

Net revenue increased 19.6% in 2022 to £226.0m, giving a net revenue margin of 66.9% up from 65.1% in 2021. Reflecting the growth of the Groups hybrid advice offering.

EBITDA

EBITDA for the year to 31 December 2022 was £176.2 up 20.4% from £146.4m in 2021 in line with the increase in Net revenue. The board is satisfied with the performance of the business.

Profit before tax

Statutory Profit before tax has increased 32.6% to £115.3m in 2022. The increase is driven by the reduction in finance costs in the year, as a result of the settlement of £618m debt in January 2022 coupled with the increase profitability of the Group as outlined above.

Client onboarding costs

As outlined in Note 3 to these financial statements, on transition to IFRS the Group recognised client onboarding costs under IFRS 15 for the incremental costs to obtain a revenue contract. The majority of these client onboarding costs were previously recognised as intangible assets under FRS 102, which has no equivalent recognition framework to IFRS 15. The Group has added £235.8m to client onboarding costs in 2022, representing the recruitment initiatives in place to introduce new clients onto the True Potential platform and investment funds. Significant estimation is used to assess the carrying value of these assets. There is significant estimation in the appropriateness of the carrying value of client onboarding costs. In assessing for impairment market growth assumptions, client retention assumptions and the discount rate applied to obtain a Net Present Value (NPV) of expected cashflows form key forward looking estimates. Management has concluded that no impairment exists at 31 December 2022.

Cash and cash equivalents

At 31 December 2022 the Group held £61.1m cash and cash equivalents, an increase of 114.7% compared to 2021, primarily to support FCA regulatory capital requirements. To ensure adequate returns on this cash, management implemented a policy in the year to hold surplus funds in highly liquid money market funds, generating £0.2m of finance income in 2022.

Going concern

The Group consolidated financial statements for 2022 show a net asset position of £724.6m (2021: net liabilities £126.5m). As part of the acquisition of the Group by Kane Bidco Limited, the outstanding financial liabilities in TP Group were settled by capital introduced from Kane Bidco Limited, sourced by debt finance obtained by Kane Bidco Limited. In February 2023 management secured additional debt funding of £50m to support the growth strategy of the business. This additional financing along with current available facilities and cash at 31 December 2022 and the underlying cash generation of the business, excluding client onboarding costs, gives the Board confidence that there are sufficient resources available to meet ongoing operation and capital requirements.

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

True Potential Group Limited

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

Financial Review (continued)

has adequate resources to remain in operation for at least 12 months after the approval of these financial statements. The Board have therefore continued to adopt the going concern basis in preparing the consolidated financial statements.

Our business model, which saw us succeed and grow last year despite the challenging market conditions, has enabled us to continue strongly over the period ended 31 December 2022 with record-breaking results across the Group. Our focus now turns to 2023 as we continue to service and support our financial advisers and every one of our clients.

Principal risks and uncertainties

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

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

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

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

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

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

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

True Potential Group Limited

Strategic Report for the year ended 31 December 2022

(continued)

Section 172 statement

The Directors of the Company are required to act in accordance with a set of duties as detailed in section 172 of the Companies Act 2006 (“the Act”). The Act provides that a director must act in the way that he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, having regard to the matters set out in s172 of the Act. Details of how the Directors had regard to s172 are set out below.

At appointment Directors are briefed on directors’ duties, including s172, with regular reminders throughout the year, particularly when making key or strategic decisions.

The Board has determined the Company’s key stakeholder groups to be: Customers, Regulators, Shareholders and the Community (together, the “Stakeholder Groups”). Each Stakeholder Group plays an important role in the ability of the Company to execute its strategy and deliver on our unwavering purpose; to protect what matters most in accordance with True Potential’s core values.

The Company has processes in place to capture and consider the views of its Stakeholder Groups and share their views at relevant levels within the business, including with the Board, to ensure that regard is had to these views in decision-making processes. Examples are provided below of typical methods of engagement with the Stakeholder Groups and how the Board stays apprised of their views to inform its decision-making.

Customers

The Company 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. We also gather feedback from financial advisers, employers and accountants using our systems. This feedback is collated and reviewed at management and board level to agree actions to improve our service. As part of the transaction with Cinven in 2022, the board were focussed on finding a partner that could enable the Group to continue with its strategy and purpose.

The Group operates a robust compliance framework to ensure high-quality service is maintained, providing the best possible client outcomes. This includes reviewing the client’s value for money, though engagement with technology, service provided and product pricing. The Group further discusses its interaction via expert financial advice and investment management solutions with customers in the strategy report pages 6 to 8.

Regulators

The Company proactively participates in periodic meetings and interactions with its regulators as appropriate to fully understand regulatory views and feedback, including full and active participation in industry thematic reviews and application of any resulting learnings to drive business improvements.

The Company operates a horizon-scanning process to ensure that upcoming regulatory change, consultations, guidance and “hot topics” are known and understood by the business, enabling any resulting internal actions to be taken. Management actively review and participate in FCA consultations and feedback, alongside regular regulatory reporting processes as required.

True Potential Group Limited

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

Section 172 statement (continued)

Shareholders

The Directors understand their duty to act fairly between different shareholders as required by UK company law. Shareholder contact is the responsibility of the executive directors who manage and develop the Group's shareholder relationships with all shareholders. They conduct a comprehensive programme of update meetings, particularly following the release of annual results, and trading updates. The Board aim create value for all shareholders by generating strong and sustainable results. As part of the transaction with Cinven in 2022, the board were focussed on finding a partner that could enable the Group to continue with its strategy and purpose.

Community

Profitability enables True Potential to fulfil the second part of our purpose, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared close to £500,000 with charities and organisations across the UK and overseas that work with young people to teach them the skills they need to make the most of their lives. That is what social mobility is about – where you start in life should not be a limit on opportunity. It's a belief that runs through True Potential and The Harrison Foundation.

Employees

The Company considers the interest of its employees in decision making. As part of the transaction with Cinven in 2022, the board were focussed on finding a partner that could enable the Group to continue with its strategy and purpose.

The strategic report was approved by the board of Directors and signed on its behalf on 28 March 2023 by:



Daniel Harrison
Director
28 March 2023

True Potential Group Limited

Directors report for the year ended 31 December 2022

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

Directors

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

David Harrison	
Daniel Harrison	
Neil Johnson	(Resigned 28 February 2023)
George Peebles	
Rebecca Hunter	(Appointed 21 January 2022)
Jodi Balfe	(Appointed 21 January 2022)
Caspar Berendsen	(Appointed 21 January 2022)
Andrea Bertolini	(Appointed 21 January 2022) (Resigned 9 September 2022)
Samy Jazaerli	(Appointed 21 January 2022)

Principal activities

The principal activities of the Group are the provision of financial advisory and investment management services, and support services to financial advisers.

Review of Business

£6.7 billion of new client money was invested onto the True Potential Platform, a 3.6% increase from 2021. As 31 December 2022, we administered £23.3 billion of client money, and invested and managed £21.2 billion of this in True Potential Funds.

This growth in sales has ensured an equally strong growth in turnover and profit. Our turnover jumped £47.5 million to £337.9 million, profit before taxation increased to £115.3 million (2020: £86.9 million) and EBITDA grew by 20.4% to £176.2 million.

Streamlined Energy and Carbon Reporting

The following Streamlined Energy and Carbon Report (SECR) provides environmental impact information in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This report aligns with the financial reporting years for the organisation covering the calendar years 2021 and 2022.

All the energy data used in production of this report was taken from utility billing from suppliers and data for fuel used for transport taken from expense logs for the organisation. Where necessary, data been converted to energy (kWh) and converted to tons of Carbon Dioxide equivalent (tCO₂e) using Government published greenhouse gas conversion factors applicable to 2022.

Application

We have followed the principles of Relevance, Completeness, Consistency, Transparency and Accuracy as described on page 7 of the GHG Protocol Corporate Standard, whilst following the Government environmental reporting guidelines.

True Potential Group Limited

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

Streamlined Energy and Carbon Reporting (continued)

Determining the organisation boundaries

A number of different boundary types are listed in the SECR guidance; we selected the financial control boundary as being most fitting – the definition is:

“Your organisation reports on all sources of environmental impact over which it has financial control. Your organisation has financial control over an operation if your organisation has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities.”

Using this definition, only the emissions from activities managed from the site at Gateway West, Newburn Riverside, Newcastle upon Tyne in are included in the report.

Determining key environmental impacts

The mandated reporting for the organisation is not complex, the greenhouse gas emissions from energy supplies and fuel used for transport must be reported. The emissions will be reported as tons of Carbon Dioxide equivalent (tCO₂e) as directed in the regulations.

Measuring energy Consumption

This is concerned with data collection and aggregation for the key environmental impacts reported.

For electricity and gas copies of invoices were used to calculate annual electricity and gas usage, no estimated data was used.

Fuel used for transport energy was derived from aggregated miles covered on company business in company vehicles, use of employee-owned vehicles (grey fleet) and fuel receipts for hire cars.

Fuel type and vehicle information was not provided for any vehicles so a calculation was made to pro rata mileage based on market share for petrol, diesel hybrid and electric vehicles. All mileage data was converted to energy and emissions using government published conversion factors for the average car.

Emissions Reporting

The emissions reported are calculated using Greenhouse Gas conversion factors for the UK that take account of the mix of technologies used to produce that energy. These are termed 'location based' conversion factors because they are for energy supplies located in the UK.

Energy and Emissions

The table below shows the total energy use and emissions by Scope for the organisation for 2021 and 2022.

	Fuel type	2022		2021	
		Total kWh	Emissions tCO ₂ e	Total kWh	Emissions tCO ₂ e
Scope 1	Natural Gas	270,631	49.40	229,826	42.09
	Fuel used for transport (company + hire cars)	37,384	9.34	1,165	0.28
Scope 2	Grid Supplied Electricity - contracted supplies	564,493	109.16	507,285	107.71
Scope 3	Business miles in employee owned cars only	74,517	18.42	51,603	12.17
	Total Global Energy use and emissions	947,025	186.32	789,879	162.26

True Potential Group Limited

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

Streamlined Energy and Carbon Reporting (continued)

Intensity ratios	2022 intensity ratio		2021 intensity ratio	
	2022 employees	tCO2e/employee	2021 employees	tCO2e/employee
By number of employees	447	0.42	383	0.39

	2022	2021
	Emissions tCO2e	Emissions tCO2e
Scope 1	58.74	42.37
Scope 2	109.16	107.71
Scope 3	18.42	12.17
Total	186.32	162.26

As a large and fast-growing business, we must be conscious of our impact on the environment. We have an appointed Chartered Energy Assessor as our Energy Consultant, who works with us to identify possible areas of energy and water usage reduction. They also help us to recognise any energy generation opportunities, all of which will assist the Group to develop a realistic NetZero pathway.

Our work includes re-using materials in the office wherever possible, during our office renovations we re-purposed 70% of materials. We use energy saving materials, low-energy lighting and maintaining the installed living walls to increase indoor air quality.

The energy usage figures show total kWh increase to 947,025 in 2022, from 789,879 in 2021. One intensity ratio has been selected, this is the annual headcount for the Company to demonstrate the energy use and emissions per employee. As head count increased in 2022 the intensity ratio has remained relatively consistent at 0.42 tCO2e per employee from 0.39 tCO2e per employee in 2021. We continue to see a positive impact from the low-energy lighting installed within the office.

True Potential Group Limited

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

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards. Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

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

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

Statement of disclosure of information to auditors

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

True Potential Group Limited

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

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

Independent auditors

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

On behalf of the Board



Daniel Harrison
Director
28 March 2023



Sir David Harrison
Director
28 March 2023

True Potential Group Limited

Registered number 09917444

Independent auditors' report to the members of True Potential Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, True Potential Group Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent auditors' report to the members of True Potential Group Limited (continued)

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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Independent auditors' report to the members of True Potential Group Limited (continued)

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK tax legislation and requirements of the Financial Services and Markets Act 2000 for firms carrying out regulated financial activities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, fee expenses and administrative expenses, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

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

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

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 parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 True Potential Group Limited (continued)

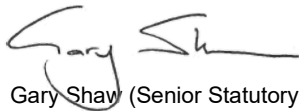
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

28 March 2023

True Potential Group Limited

Consolidated income statement

For the year ended 31 December 2022

	Note	2022 £000	2021 £000	2020 £000
Revenue	6	337,854	290,393	178,288
Fee expenses	7	(111,999)	(101,460)	(76,402)
Net revenue		225,855	188,933	101,886
Administrative expenses including:				
Employee Costs	16	(21,803)	(17,191)	(13,069)
Amortisation	6, 17	(28,619)	(17,727)	(10,022)
Other administrative expenses	8	(29,320)	(26,722)	(19,406)
Total Administrative expenses		(79,742)	(61,640)	(42,497)
Exceptional items	9	(11,864)	-	-
Operating profit		134,249	127,293	59,389
Finance income		200	-	-
Finance costs	12	(19,182)	(40,346)	(33,741)
Profit before tax		115,267	86,947	25,648
Taxation	15	(18,768)	(20,101)	(6,048)
Profit for the year		96,499	66,846	19,600

The Group has recognised no other comprehensive income so there is no statement of other comprehensive income presented within these financial statements.

The notes on pages 27 to 64 form a part of these Consolidated financial statements.

True Potential Group Limited

Consolidated balance sheet

For the year ended 31 December 2022

Company No. 09917444

	Note	2022 £000	2021 £000	2020 £000	1 January 2020 £000
Non-current assets					
Goodwill	17	68,315	68,315	68,315	68,315
Intangible assets	17	24,297	29,915	34,806	38,048
Property, plant and equipment	18, 19	4,569	5,388	4,090	4,959
Client onboarding costs	6	632,601	419,212	223,724	81,000
Total non-current assets		729,782	522,830	330,935	192,322
Current assets					
Trade and other receivables	20	72,837	36,924	24,227	25,911
Cash and cash equivalents	21	61,125	28,469	23,848	22,700
Total current assets		133,962	65,393	48,075	48,611
Total assets		863,744	588,223	379,010	240,933
Current liabilities					
Trade and other payables	22	(23,772)	(21,882)	(17,769)	(43,017)
Financial liabilities	23	(96,950)	(63,320)	(76,699)	(6,851)
Deferred tax	15	(997)	(960)	(769)	(568)
Provisions	24	(3,137)	-	-	-
Current tax liability	15	(1,580)	(7)	(1,164)	(2,962)
Total current liabilities		(126,436)	(86,169)	(96,401)	(53,398)
Non-current liabilities					
Financial liabilities	23	(8,109)	(622,765)	(444,114)	(352,947)
Deferred tax	15	(4,493)	(5,830)	(3,732)	(5,425)
Total non-current liabilities		(12,602)	(628,595)	(447,846)	(358,372)
Total liabilities		(139,038)	(714,764)	(544,247)	(411,770)
Net assets/ (liabilities)		724,706	(126,541)	(165,237)	(170,837)
Equity					
Share capital	25	26	26	26	26
Share premium	25	763,931	-	-	-
Revaluation reserve		18	18	18	18
Accumulated losses		(39,269)	(126,585)	(165,281)	(170,881)
Total equity		724,706	(126,541)	(165,237)	(170,837)

The notes on pages 27 to 64 form a part of these financial statements.

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



Daniel Harrison
Director
28 March 2023



Sir David Harrison
Director
28 March 2023

True Potential Group Limited

Consolidated cash-flow statement

For the year ended 31 December 2022

	Note	2022	2021	2020
		£000	£000	£000
Net cash outflow from operating activities	13	(101,296)	(73,424)	(37,005)
Cashflows from investing activities				
Purchase of property, plant and equipment	18	(608)	(2,238)	(265)
Proceeds from sale of property plant and equipment		-	-	396
Purchase of intangible assets	17	(683)	(1,865)	(5,708)
Interest receivable		77	-	-
Net cashflows from investing activities		(1,214)	(4,103)	(5,577)
Cashflows from financing activities				
Proceeds from issue of shares	25	763,931	-	-
Dividends paid	14	(9,183)	(28,150)	(14,000)
(Repayment) / drawdown of finance loans	23	(591,436)	2,785	(262)
Interest paid	23	(27,650)	(35,420)	(30,328)
Drawdown from acquisitions loan facility		-	143,378	79,543
Drawdown from revolving credit facility		-	-	9,388
Lease principal payments	23	(496)	(445)	(611)
Net cashflows from financing activities		135,166	82,148	43,730
Net increase in cash and cash equivalents		32,656	4,621	1,148
Cash and cash equivalents at the beginning of the year		28,469	23,848	22,700
Cash and cash equivalents at the end of the year		61,125	28,469	23,848

The notes on pages 27 to 64 form a part of these financial statements

True Potential Group Limited

Consolidated statement of changes in equity

For the year ended 31 December 2022

		Share Capital	Share Premium	Revaluation	Retained	Total equity
	Notes	£000	£000	reserves	earnings /	£000
31 December 2022				£000	(accumulated	
					losses	
					£000	
Balance at 1 January 2022		26	-	18	(126,585)	(126,541)
Profit for the year		-	-	-	96,499	96,499
Total comprehensive income		-	-	-	96,499	96,499
Issue of shares	25	-	763,931	-	-	763,931
Dividends		-	-	-	(9,183)	(9,183)
Balance at 31 December 2022		26	763,931	18	(39,269)	724,706

		Share Capital	Revaluation	Retained	Total equity
	Notes	£000	reserves	earnings /	£000
31 December 2021			£000	(accumulated	
				losses	
				£000	
Balance at 1 January 2021		26	18	(165,281)	(165,237)
Profit for the year		-	-	66,846	66,846
Total comprehensive income		-	-	66,846	66,846
Dividends		-	-	(28,150)	(28,150)
Balance at 31 December 2021		26	18	(126,585)	(126,541)

True Potential Group Limited

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2022

31 December 2020	Notes	Share Capital £000	Revaluation reserves £000	Retained earnings / (accumulated losses £000	Total equity £000
Balance at 1 January 2020		26	18	(182,642)	(182,598)
Prior year adjustment		-	-	13,597	13,597
Impact of adoption of IFRS		-	-	(1,836)	(1,836)
Restated balance at 1 January 2020		26	18	(170,881)	(170,837)
Profit for the year		-	-	19,600	19,600
Total comprehensive income		-	-	19,600	19,600
Dividends		-	-	(14,000)	(14,000)
Balance at 31 December 2020		26	18	(165,281)	(165,237)

The prior year adjustment is in respect of a reduction in the deferred tax charge in 2019 by £13.6m offset by an equal and opposite increase in the deferred tax charge in 2020. This adjustment is in respect of a deferred tax charge that was recognised in 2019 and reversed in 2020. The reversal in 2020 was incorrectly treated as an in period adjustment rather than a prior year adjustment.

The notes on pages 27 to 64 form a part of these financial statements.

True Potential Group Limited

Notes to the consolidated financial statements

For the year ended 31 December 2022

1. Nature of business

True Potential Group Limited (the “Company”) and its subsidiaries (together the “Group”, “TP Group”) provide financial advisory and investment management services, and support services to retail investors and financial advisers. The Company is a private company limited by shares and is incorporated in England, UK. The address of its registered office is Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX. The ultimate controlling party is Cinven Capital Management (VII) General Partner Limited.

2. First Time adoption of IFRS

These consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.. These are the Group’s first IFRS consolidated financial statements and, accordingly, First-time adoption of International Financial Reporting Standards (IFRS 1), has been applied. Previously, the Group has prepared its consolidated financial statements in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006.

The Group’s date of transition and opening balance sheet date is 1 January 2020. For all the periods presented in these consolidated financial statements, the Group applied IFRS effective as of 31 December 2022.

The following optional exemptions have been applied by the Group as of transition date, as allowed by IFRS 1:

IFRS 3 Business Combinations has not been applied to business combinations that occurred before 1 January 2020 that would meet the definition of business combination under IFRS. Under this exemption, the Group used the carrying amount under FRS 102 of the assets and liabilities that would qualify for recognition under IFRS at the opening balance sheet date. After the date of transition to IFRS, measurement is accounted for in accordance with IFRS 3. Use of this exemption means that the UK GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS Balance Sheet. IFRS 1 also requires that the FRS 102 carrying amount of goodwill must be used in the opening balance sheet, adjusted for goodwill impairment and recognition or derecognition of intangible assets on the date of transition to IFRS. In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition in accordance with IAS 36. There was no impairment recognised on goodwill as of 1 January 2020 or in any period since.

The Group assessed all contracts existing as of 1 January 2020 to determine whether such contracts contained a lease based upon the conditions in place as of 1 January 2020. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2020. Right of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payment relating to the lease recognised in the balance sheet immediately before 1 January 2020. The Group considered whether any leases could be classified as low value or short term in line with the exemption available under IFRS 16 and have identified no leases that satisfy these criteria on transition.

The impact of transition to IFRS on the Group’s consolidated balance sheet, income statement and cash flows from FRS 102 and required disclosures of IFRS 1, are presented in note 3

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS

The below table provide a reconciliation between FRS 102 accounting treatments and IFRS accounting treatments:

i) Reconciliation of equity at 1 January 2020 (date of transition to IFRS)

	FRS 102 £000	Prior year adjustments previously recognised £000	Reclassification and remeasurements £000	IFRS as at 1 January 2020 £000	Explanatory notes
Non-current assets					
Goodwill	68,315	-	-	68,315	Note A
Intangible assets	135,673	(17,056)	(80,569)	38,048	Note D and E
Property, plant and equipment	2,274	-	2,685	4,959	Note B
Client onboarding costs	-	-	81,000	81,000	Note D
Total non-current assets	206,262	(17,056)	3,116	192,322	
Current assets					
Trade and other receivables	29,215	-	(3,304)	25,911	Note C
Cash and cash equivalents	22,700	-	-	22,700	
Total current assets	51,915	-	(3,304)	48,611	
Total assets	258,177	(17,056)	(188)	240,933	
Current liabilities					
Trade and other payables	(43,651)	-	634	(43,017)	Note B
Financial liabilities	(6,366)	-	(485)	(6,851)	Note B
Deferred tax	(999)	-	431	(568)	Notes B and C
Current tax liability	(2,962)	-	-	(2,962)	
Total current liabilities	(53,978)	-	580	(53,398)	
Non-current liabilities					
Financial liabilities	(367,775)	17,056	(2,228)	(352,947)	Note B and E
Deferred tax	(19,022)	13,597	-	(5,425)	Note F
Total non-current liabilities	(386,797)	30,653	(2,228)	(358,372)	
Total liabilities	(440,775)	30,653	(1,648)	(411,770)	
Net liabilities	(182,598)	13,597	(1,836)	(170,837)	
Equity					
Share capital	26	-	-	26	
Revaluation reserve	18	-	-	18	
Accumulated losses	(182,642)	13,597	(1,836)	(170,881)	Notes A, B, C, F
Total equity	(182,598)	13,597	(1,836)	(170,837)	

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS (continued)

ii) Reconciliation of equity as at 31 December 2021

	FRS 102 £000	Reclassification and remeasurements £000	IFRS at 31 December 2021 £000	Explanatory notes
Non-current assets				
Goodwill	47,561	20,754	68,315	Note A
Intangible assets	416,307	(386,392)	29,915	Note D
Property, plant and equipment	3,040	2,348	5,388	Note B
Client onboarding costs	-	419,212	419,212	Note D
Financial assets	26,397	(26,397)	-	
Total Non-current assets	493,305	29,525	522,830	
Current assets				
Trade and other receivables	37,135	(211)	36,924	Note C
Cash	28,469	-	28,469	
Total current assets	65,604	(211)	65,393	
Total assets	558,909	29,314	588,223	
Current liabilities				
Trade and other payables	(22,435)	553	(21,882)	Note B
Financial liabilities	(62,637)	(683)	(63,320)	Note B
Deferred tax	(960)	-	(960)	
Current tax liability	(7)	-	(7)	
Total current liabilities	(86,039)	(130)	(86,169)	
Non-current liabilities				
Financial liabilities	(621,007)	(1,758)	(622,765)	Note B
Deferred tax	(5,766)	(64)	(5,830)	Notes B and C
Total non-current liabilities	(627,773)	(1,822)	(628,595)	
Total liabilities	(712,812)	(1,952)	(714,764)	
Net liabilities	(153,903)	27,362	(126,541)	
Equity				
Share capital	26	-	26	
Revaluation reserve	18	-	18	
Retained earnings / (accumulated losses)	(153,947)	27,362	(126,585)	Notes A, B, C
Total equity	(153,903)	27,362	(126,541)	

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS (continued)

iii) Reconciliation of total comprehensive income for the year ended 31 December 2021

	FRS 102 £000	Reclassification and remeasurements £000	IFRS as at 31 December 2021 £000	Explanatory notes
Revenue	281,017	9,376	290,393	Note C
Fee expenses	(101,460)	-	(101,460)	
Net revenue	179,557	9,376	188,933	
Total Administrative expenses	(75,929)	14,289	(61,640)	Notes A and B
Operating profit	103,628	23,665	127,293	
Finance costs	(40,241)	(105)	(40,346)	Note B
Profit before tax	63,387	23,560	86,947	
Taxation	(18,346)	(1,755)	(20,101)	Notes B and C
Profit for the year	45,041	21,805	66,846	

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS (continued)

iv) Reconciliation of statement of cashflows for the year ended 31 December 2021

	FRS 102 £000	Reclassification and remeasurements £000	IFRS as at 31 December 2021 £000	Explanatory notes
Net cash generated from operating activities	42,379	(115,803)	(73,424)	Note A, B, C
Cashflows from investing activities				
Purchase of property, plant and equipment	(2,238)	-	(2,238)	
Purchase of intangibles	(118,218)	116,353	(1,865)	Note B
Net cash used in investing activities	(120,456)	116,353	(4,103)	
Cashflows from financing activities				
Dividends paid	(28,150)	-	(28,150)	
Increase in finance loan	2,785	-	2,785	
Interest on loan	(35,315)	-	(35,315)	
Interest on leasing	-	(105)	(105)	Note B
Proceeds from acquisition loan facility	143,378	-	143,378	
Lease principal payments	-	(445)	(445)	Note B
Net cashflows from financing activities	82,698	(550)	82,148	
Net increase in cash and cash equivalents	4,621	-	4,621	
Cash and cash equivalents at the beginning of the year	23,848	-	23,848	
Cash and cash equivalents at the end of the year	28,469	-	28,469	

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS (continued)

v) Explanatory Notes

Note A

Through to 31 December 2019, the Group had recognised goodwill amounting to £103.4 million on a business acquisition. Under FRS 102, this amount of goodwill was amortised over the period of 10 years. However, IFRS does not permit the amortisation of goodwill and any amortisation in respect therefore will be reversed. However, IFRS 1 provides for a transition date exemption wherein the entity may elect to use the carrying value as per previous GAAP for recording of the goodwill at the date of transition. Therefore, the Group will continue to value the goodwill at a transition date carrying amount as per FRS 102 of £68.3 million and any further amortisation in subsequent periods will be reversed. This would result in a reversal of £10.4 million in the amortisation of goodwill every year.

Note B

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised a Right of use asset and lease liability on the transition date. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Under FRS 102, assets held under finance leases are capitalised and included in property, plant and equipment. Under IFRS, they are presented in right-of-use assets. Additionally, additional depreciation and finance costs was recognised during the comparative periods.

Note C

Under FRS 102, revenue can be recognised when the amount of revenue can be measured reliably, and it is probable that the economic benefits will flow to the entity. However, under IFRS 15, variable consideration can only be recognised if it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Consequently, the revenue relating to the performance fee recognised on estimated basis will be recognised when it crystallises and becomes highly probable on 30 April each year, resulting in a transition adjustment for timing of recognition.

Note D

Under IFRS 15, costs to obtain revenue contracts with customers should be recognised as client onboarding cost assets if it is expected that those costs will be recovered. Under FRS 102, there is no equivalent concept and so these costs have previously been recognised as intangible assets for client development programs and as an expense for fee payments under FRS 102. On transition to IFRS, these costs have been recognised as client onboarding cost assets, with an amortisation period of 20 years, which is the estimated period of transfer of services to the customer. Additionally, fees payable in relation to the onboarding of customers have been recognised as client onboarding costs. Previously these costs were recognised as expenses through the income statement.

Note E

The prior year restatement recognised in 2020 is in relation to the reclassification of borrowing costs previously capitalised as "Other Intangibles" to "Amounts owed to group companies".

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Impact of first-time adoption of IFRS (continued)

Note F

The prior year adjustment is in respect of a reduction in the deferred tax charge in 2019 by £13.6m offset by an equal and opposite increase in the deferred tax charge in 2020. This adjustment is in respect of a deferred tax charge that was recognised in 2019 and reversed in 2020. The reversal in 2020 was incorrectly treated as an in period adjustment rather than a prior year adjustment.

4. Accounting policies

4.1 Basis of preparation

The accounting policies which follow set out those significant policies which apply in preparing the consolidated financial statements for the year ended 31 December 2022. 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 Act 2006.

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

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

4.2 Going concern

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

Throughout the year management monitored cashflow and covenant compliance very closely, running daily forward-looking modelling on both cashflow and leverage given the market volatility experienced. The forecasts positively show significant headroom to capital requirements both throughout the year and at the year-end. The financial position of the Group is continued to be monitored closely to ensure there are sufficient funds in order to meet liabilities as they fall due and sufficient headroom on covenants.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.3 Basis of consolidation

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

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the 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.

4.4 Segment reporting

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

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.5 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 in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

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

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

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

Wealth management advice

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.5 Revenue recognition (continued)

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

Wealth platform ("Platform fees")

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

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

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

Fund investment management ("Investment management fees")

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.5 Revenue recognition (continued)

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

Performance fee

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

4.6 Goodwill

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

4.7 Intangible assets other than goodwill

Intangible assets acquired separately

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

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.7 Intangible assets other than goodwill (continued)

Internally generated intangible assets

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

Platform and other Projects	10 years
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4.8 Client onboarding costs

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

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

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

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

4.9 Property, plant and equipment

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

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

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

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

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

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

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.

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

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

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

4.11 Leases

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.12 Leases (continued)

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

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

4.13 Financial instruments

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

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

i. Financial assets

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

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. 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 a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, 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 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.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.13 Financial instruments (continued)

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

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

ii. Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

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

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

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

4.14 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 profit or loss 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 Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

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

4.15 Accounting standards not yet in force

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Accounting policies (continued)

4.17 Exceptional items

An exceptional item is considered to be non-recurring and unusual in nature. These items are highlighted separately on the face of the consolidated income statement and are also disclosed within a note to the financial statements (see note 9). Due to the nature and expected infrequency of these items, separate presentation helps provide a better indication of the Groups underlying business performance and allows better understanding of financial performance in the year to facilitate comparison with prior periods and better assess trends.

5. Critical accounting judgements and estimates

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

Value of client onboarding costs

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

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

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

Expected life of client onboarding costs

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

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

Impairment of client onboarding costs

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

5. Critical accounting judgements and estimates (continued)

To ascertain an expected term a client holds assets with True Potential management has considered the age profile of the customers obtained by the client onboarding costs, life expectancy in the UK and experience of customer practices as well as the client-by-client onboarding practice and historic experience of management to identify an expected term of 20 years based on drawdown pension arrangements of the average client obtained by the client onboarding costs. Management has concluded that the carrying value of the assets is supported by the expected revenue to be generated from the contracts with customers obtained from the development programs. Sensitivities to the estimates in the impairment assessment of client onboarding costs have been disclosed in note 6.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

6. Revenue from contracts with customers

i. Disaggregation of Revenue

Year ended 31 December 2022

	Adviser services £000	Wealth management Advice £000	Platform fees £000	Investment management fees £000	Performance fee	Total £000
Timing of revenue recognition						
Services transferred over time	4,213	105,437	82,715	127,157	-	319,522
Services transferred point in time	-	18,332	-	-	-	18,332
Total revenue from contracts with customers	4,213	123,769	82,715	127,157	-	337,854

Year ended 31 December 2021

	Adviser services £000	Wealth management Advice £000	Platform fees £000	Investment management fees £000	Performance fee £000	Total £000
Timing of revenue recognition						
Services transferred over time	4,838	78,861	66,032	98,048	-	247,779
Services transferred point in time	-	22,366	-	-	20,248	42,614
Total revenue from contracts with customers	4,838	101,227	66,032	98,048	20,248	290,393

Year ended 31 December 2020

	Adviser services £000	Wealth management Advice £000	Platform fees £000	Investment management fees £000	Performance fee £000	Total £000
Timing of revenue recognition						
Services transferred over time	4,834	49,453	43,962	61,930	-	160,179
Services transferred point in time	-	18,109	-	-	-	18,109
Total revenue from contracts with customers	4,834	67,562	43,962	61,930	-	178,288

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

6. Revenue from contracts with customers (continued)

ii. Contract balances

Client onboarding costs

	2022	2021	2020
	£000	£000	£000
1 January	419,212	223,724	81,000
Additions	235,842	207,064	146,923
Amortisation	(22,453)	(11,576)	(4,199)
31 December	632,601	419,212	223,724

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

In the current year £235.8m of client onboarding costs have been added to the balance sheet (2021: £207.1m, 2020: £146.9m). This represents management's best estimate of expected payments for the onboarding of revenue contracts. Cash paid in the year relating to onboarding costs has been recognised through movements in working capital in the statement of cash flows (Note 13).

A reconciliation to the figures presented in Note 13 has been performed below:

	2022	2021	2020
	£000	£000	£000
Client onboarding cost additions	235,842	207,064	146,923
Movement in client onboarding liability	(19,623)	(14,449)	(72,331)
Increase in client onboarding costs per cashflow	216,219	192,615	74,592

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

Discount rate on future cashflows

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

Expected recovery period

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

Market growth expectations

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

6. Revenue from contracts with customers (continued)

Sensitivity analysis

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

Discount rate on future cashflow	56%
Expected recovery period	55%
Market growth	138%

7. Fee expenses

Fee expenses mainly comprises fees paid to financial advisers which amounted to £77.5m in 2022, £71.9m in 2021 and £51.9m in 2020 and sub fund manager fees which amounted to £30.7m in 2022, £25.4m 2021 and £24.6m in 2020.

8. Administrative expenses

Other administrative expenses reported in the income statement includes:

	2022 £000	2021 £000	2020 £000
Depreciation	1,438	1,385	1,080
Marketing	3,091	2,581	2,224
Regulatory fees and levies	3,832	3,128	2,534
Insurance	3,219	2,190	1,413
Platform and technology running costs	6,032	5,644	4,174
Other expenses	11,708	11,794	7,981
Total other administrative expenses	29,320	26,722	19,406

9. Exceptional items

	2022 £000	2021 £000	2020 £000
Exceptional items	11,864	-	-

Exceptional costs of £11.9m were professional fees and employee costs recognised in the year relating to the acquisition of the Group by Kane Bidco, in the cash flow statement and note 13, operating cash-flows have been reduced by £11.9m. All exceptional costs recognised in the year have been settled and no further costs relating to this are expected in 2023.

10. Auditors Remuneration

	2022 £000	2021 £000	2020 £000
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	127	200	100
Audit of the financial statements of the company's subsidiaries	225	-	-
Total Audit	352	200	100
Non-audit fees payable to the company's auditors	214		
Fees payable to the auditors for other assurance services	318	209	165
	884	409	265

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

11. Alternative Performance measures (APMs)

EBITDA reconciliation	2022 £000	2021 £000	2020 £000
Operating profit	134,249	127,293	59,389
Add back: Exceptional items	11,864	-	-
Add back: Amortisation	28,619	17,727	10,022
Add back: Depreciation	1,438	1,385	1,080
EBITDA	176,169	146,405	70,491

Earnings before interest, depreciation and amortisation (EBITDA) as an APM is used by management as an industry comparator by removing company specific accounting estimates, financing arrangements and tax laws applicable to the jurisdiction in which the company operates. The closest relevant metric under International Financial Reporting Standards to start with is operating profit as per the Income Statement adding back amortisation (note 6 and 17) and depreciation (note 18).

12. Finance costs

	2022 £000	2021 £000	2020 £000
Finance charges payable on borrowings	19,099	40,256	33,639
Interest on lease liabilities	83	90	102
Total finance costs	19,182	40,346	33,741

In January 2022 the Group repaid all of its long-term borrowings incurring early repayment fees of £17.5m (2021: nil). This has been included in finance charges payable on borrowings.

13. Cash generated from operating activities

	2022 £000	2021 £000	2020 £000
Cash flows from operating activities:			
Profit before tax	115,267	86,947	25,648
Adjustments for:			
Depreciation of property, plant and equipment and right of use assets	1,438	1,385	1,080
Amortisation of intangible assets	6,166	6,151	5,823
Amortisation of client onboarding costs	22,453	11,576	4,199
Impairment	-	342	-
Interest income	(200)	-	-
Interest expense	19,182	40,346	33,740
Operating cashflows before movements in working capital	164,306	146,747	70,490
Movements in working capital			
(Increase) / decrease in trade and other receivables	(35,913)	(12,697)	1,684
(Decrease) / increase in trade and other payables	5,023	4,113	(25,249)
(Increase) / decrease in client onboarding costs	(216,219)	(192,615)	(74,592)
Total movements in working capital	(247,109)	(201,199)	(98,157)
Operating cashflows after movements in working capital	(82,803)	(54,452)	(27,667)
Corporation tax paid	(18,493)	(18,972)	(9,338)
Net cash from operating activities	(101,296)	(73,424)	(37,005)

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

14. Dividends paid and proposed

	2022	2021	2020
	£000	£000	£000
Amounts recognised as distributions to equity holders in the year:			
Dividend for the year ended 31 December 2022 of £0.00199 pence per share (2021: £0.00543 pence per share, 2020: £0.00430 pence per share)	9,183	28,150	14,000
Total	9,183	28,150	14,000

15. Taxation

i) Analysis of charge in the year

	2022	2021	2020
	£000	£000	£000
<i>Current tax:</i>			
UK corporation tax	20,068	17,812	7,540
<i>Deferred tax:</i>			
Origination and reversal of timing differences	(1,027)	979	(2,013)
Adjustments in respect of prior periods	51	(304)	-
Change in tax rates or laws	(324)	1,614	750
Total deferred tax charge / (credit)	(1,300)	2,289	(1,492)
Tax on profit	18,768	20,101	6,048

ii) Reconciliation of tax charge

The tax assessed on the profit for the year is the standard rate of corporation tax in the UK of 19% (2021 and 2020: 19%). The differences are reconciled below:

	2022	2021	2020
	£000	£000	£000
Profit before taxation	115,267	86,947	25,648
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%, 2020: 19%)	21,901	16,519	4,873
Effect of:			
Disallowed expenses and non-taxable income	2,551	292	133
Adjustments in respect of prior periods	(104)	-	(114)
Fixed asset timing differences	(324)	(1,107)	(1,677)
Movement on intangible assets	4,396	4,397	2,833
Group relief	(9,650)	-	-
Total tax charge for the year	18,768	20,101	6,048

iii) Factors affecting future tax charge

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

15. Taxation (continued)

	2022 £000	2021 £000	2020 £000
Movement in deferred tax liability during the year			
At 1 January	6,790	4,501	5,993
Deferred tax charged / (credited) to profit and loss	(1,300)	2,289	(1,492)
At 31 December	5,490	6,790	4,501
Current deferred tax liability	997	960	769
Non – current deferred tax liability	4,493	5,830	3,732
Total deferred tax liability	5,490	6,790	4,501

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

16. Directors and employees

i) Remuneration of Directors

	2022 £000	2021 £000	2020 £000
Directors' remuneration	5,283	4,099	3,911

Included within this amount is accrued bonuses of £1.97m (2021: £nil, 2020: £nil). In 2020 and 2021 bonuses to directors were paid during the reported year. In 2022 bonuses were accrued at the year end and will be paid in the first quarter of 2023.

The amounts in respect of the highest paid director were:

	2022 £000	2021 £000	2020 £000
Remuneration of the highest paid Director	1,444	1,293	1,231

ii) Employee numbers and costs

	2022 £000	2021 £000	2020 £000
Wages and salaries	19,212	15,206	11,452
Social security costs	2,198	1,667	1,359
Other pension costs	393	318	258
	21,803	17,191	13,069

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

	2022 £000	2021 £000	2020 £000
Management and Administration	429	366	305

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

17. Goodwill and other intangible assets

The cost and carrying value of Goodwill was £68.3m (2021 and 2020: £68.3m) with no impairments recognised in the year (2021 and 2020: nil)

i) Recoverable amount of the cash generating unit

The carrying amount of goodwill has been allocated to TP Group Limited as the sole reportable segment and of the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. There was no impairment recorded for the years ended 31 December 2020, 2021 and 2022.

The recoverable amount of TP Group is determined based on a value in use calculation which uses cash flow projections based on financial budgets seen and approved by the board covering a 3-year period, a pre-tax discount rate of 10.97% (2021: 10.80%, 2020: 10.80%) and cashflows beyond 3 years are extrapolated using a 2.0% growth rate applied to the net operating cashflows of the outer year to perpetuity (2021: 2.0%, 2020: 2.0%).

ii) Key assumptions used in the value in use calculation

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

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

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

iii) Sensitivities to assumptions

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

17. Goodwill and other intangible assets (continued)

Intangible assets other than Goodwill:

	Brand £000	Internally generated assets £000	Other intangibles £000	Total £000
Cost				
At 1 January 2020	50,500	5,481	1,093	57,074
Additions	-	5,268	440	5,708
Disposals	-	(2,793)	(334)	(3,127)
At 31 December 2020	50,500	7,956	1,199	59,655
Additions	-	1,865	-	1,865
Disposals	-	-	(263)	(263)
At 31 December 2021	50,500	9,821	936	61,257
Additions	-	683	-	683
Disposals	-	(135)	-	(135)
At 31 December 2022	50,500	10,369	936	61,805
Accumulated amortisation and impairments				
At 1 January 2020	17,254	1,598	174	19,026
Charge for the year	5,050	576	197	5,823
At 31 December 2020	22,304	2,174	371	24,849
Charge for the year	5,050	900	201	6,151
Impairment	-	342	-	342
At 31 December 2021	27,354	3,416	572	31,342
Charge for the year	5,050	993	123	6,166
At 31 December 2022	32,404	4,409	695	37,508
Net Book value				
At 31 December 2022	18,096	5,960	241	24,297
At 31 December 2021	23,146	6,405	364	29,915
At 31 December 2020	28,196	5,782	828	34,806
At 1 January 2020	33,246	3,883	919	38,048

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

18. Property plant and equipment

	Fixtures, fittings and Equipment £000	Short leasehold buildings £000	Total £000
Cost			
At January 2020	5,508	2,511	8,019
Additions	265	-	265
Disposals	(55)		(55)
At 31 December 2020	5,718	2,511	8,229
Additions	2,683		2,683
Disposals	-	-	-
At 31 December 2021	8,401	2,511	10,912
Additions	608	-	608
Disposals	(1,049)	-	(1,049)
At 31 December 2022	7,960	2,511	10,471
Depreciation and impairments			
At January 2020	2,993	66	3,059
Charge for the year	738	342	1,080
Disposals	-	-	-
At 31 December 2020	3,731	408	4,139
Charge for the year	1,046	339	1,385
Disposals	-	-	-
At 31 December 2021	4,777	747	5,524
Charge for the year	1,102	336	1,438
Disposals	(1,060)	-	(1,060)
At 31 December 2022	4,819	1,083	5,902
Net book value			
At 31 December 2022	3,141	1,428	4,569
At 31 December 2021	3,624	1,764	5,388
At 31 December 2020	1,987	2,103	4,090

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

19. Leases

i) Right of use assets

	Right of use equipment assets £000	Right of use Property assets £000	Total £000
Cost			
At January 2020	774	2,434	3,208
Additions	12	-	12
Disposals	-	-	-
At 31 December 2020	786	2,434	3,220
Additions	440	-	440
Disposals	-	-	-
At 31 December 2021	1,226	2,434	3,660
Additions	-	-	-
Disposals	(356)	-	(356)
At 31 December 2022	870	2,434	3,304
Depreciation and impairments			
At January 2020	-	-	-
Charge for the year	236	336	572
At 31 December 2020	236	336	572
Charge for the year	354	336	690
At 31 December 2021	590	672	1,262
Charge for the year	234	336	570
Disposals	(356)	-	(356)
At 31 December 2022	468	1,008	1,476
Net book value			
At 31 December 2022	402	1,426	1,828
At 31 December 2021	636	1,762	2,398
At 31 December 2020	550	2,098	2,648

The total right of use assets above have been included in property plant and equipment on the face of the consolidated balance sheet and in note 18, with equipment being presented in fixtures, fittings and equipment and property being presented in short leasehold buildings.

ii) Lease liabilities

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

	2022 £000	2021 £000	2020 £000	1 January 2020 £000
Lease liabilities				
Current	690	683	545	606
Non-current	1,244	1,758	1,944	2,481
Total lease liabilities	1,934	2,441	2,489	3,087

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

19. Leases (continued)

	2022	2021	2020	1 January 2020
	£000	£000	£000	£000
Maturity analysis – undiscounted lease liabilities				
Within one year	690	683	545	606
Greater than one year but less than two years	509	608	460	487
Greater than two years but less than five years	798	1,213	1,269	1,338
Greater than five years	-	-	332	716
Total undiscounted lease payments	1,997	2,504	2,606	3,147

Reconciliation of the opening to closing lease liabilities

	2022	2021	2020
	£000	£000	£000
Carrying value at 1 January	2,441	2,489	3,087
Additions	-	440	12
Interest expense	83	90	103
Repayment of lease liabilities	(614)	(491)	(550)
Lease adjustments	24	(87)	(163)
Carrying value at 31 December	1,934	2,441	2,489

iii) Amounts recognised in the Consolidated income statement

	2022	2021	2020
	£000	£000	£000
Interest on lease liabilities	83	90	103
Depreciation on right of use assets	570	690	572

iv) Amounts recognised in the Consolidated cashflow statement

	2022	2021	2020
	£000	£000	£000
Total cash outflow for leases	(614)	(491)	(550)

20. Trade and other receivables and other assets

	2022	2021	2020	1 January 2020
	£000	£000	£000	£000
Current				
Prepayments	5,121	3,945	2,944	2,145
Platform fees due	7,187	6,305	4,251	3,335
Fund management fees due	11,714	9,896	5,909	4,529
Advice fees due	10,601	9,657	5,919	3,632
Loans to advisers	43	43	1,251	8,325
Intercompany receivable - Kane Bidco	34,882	-	-	-
Other debtors	3,289	7,078	3,953	3,945
Total current	72,837	36,924	24,227	25,911

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

20. Trade and other receivables and other assets (continued)

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

Other debtors represent multiple smaller receivable balances not exceeding £2.6million for the year ended 31 December 2021 (31 December 2020 £1.6million, 1 January 2020 £1.4million)

Loans to advisers are recognised in line with IFRS 9, at amortised cost less any provision for expected credit loss. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the loans as such management has assessed the expected credit loss to be materially close to nil for 2022, 2021 and 2020. This will continue to be reviewed in line with IFRS 9.

21. Cash and cash equivalents

	2022	2021	2020	1 January 2020
	£000	£000	£000	£000
Cash held at bank	49,350	28,469	23,848	22,700
Investment in liquidity funds	11,775	-	-	-
Cash and Cash equivalents	61,125	28,469	23,848	22,700

22. Trade and other payables

	2022	2021	2020	1 January 2020
	£000	£000	£000	£000
Current				
Trade payables	211	881	2,775	1,392
Other taxes and social security	812	2,003	1,592	1,547
Accruals	5,998	3,067	1,654	2,526
Sub fund manager fees	7,295	5,700	4,840	3,837
Adviser fees	7,235	7,865	4,560	3,451
Other payables	2,221	2,366	2,348	30,264
Total current	23,772	21,882	17,769	43,017

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

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

23. Financial liabilities

	2022	2021	2020	1 January 2020
	£000	£000	£000	£000
Current				
Current lease liabilities	690	683	545	606
Current client onboarding liabilities	96,200	51,070	69,208	-
Finance loan	60	2,976	-	-
Accrued interest	-	8,591	6,947	6,244
Total current	96,950	63,320	76,699	6,851
Non-current				
Non-current lease liabilities	1,244	1,758	1,944	2,481
Non-current client onboarding liabilities	6,810	32,432	-	-
Acquisition loan facility	-	558,466	411,979	329,854
Revolving credit facility	-	30,000	30,000	20,612
Finance loan	55	109	190	-
Total non-current	8,109	622,765	444,114	352,947

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) Acquisition loan facility

The acquisition loan facility was repaid in full on 21 January 2022. The Group's financing facility included senior loans of 2021: £525,066,467 and 2020: £378,578,913. All senior loans accrued interest monthly at SONIA plus 6.639% on the drawn-down amount. A commitment fee of 35% of the interest margin was charged on the undrawn amount.

iii) Revolving credit facility

The revolving credit facility was repaid in full on 21 January 2022. The Group's financing facility also included a revolving credit facility of 2021: £30,000,000 and 2020: £30,000,000. The revolving credit facility accrued interest monthly at SONIA plus 2.75% on the drawn-down amount. A commitment fee of 35% of the interest margin was charged on the undrawn amount.

The super senior loans, senior loans and revolving credit facility transitioned from LIBOR to SONIA following their interest maturity dates. Those that have not transitioned to SONIA yet will continue under LIBOR until maturity. Under SONIA there has been minimal impact on the Group as the interest is calculated at margin plus compounded reference rate, the compound reference rate is equivalent to LIBOR.

Cashflows from financing activities

	at 1 January 2022	cashflow	Lease liability movements	unwind and fees	at 31 December 2022
Short term liabilities	12,250	(12,190)	690	-	750
Long term liabilities	590,333	(607,392)	(825)	19,182	1,298
	602,583	(619,582)	(135)	19,182	2,048

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

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

24. Provisions

	Complaints Provision	Total Provisions
	£000	£000
1 January 2020	-	-
Provided for in the year	287	287
Utilised during the year	(117)	(117)
Released in the year	-	-
31 December 2020	170	170
Provided for in the year	133	133
Utilised during the year	(49)	(49)
Released in the year	(178)	(178)
31 December 2021	76	76
Provided for in the year	3,076	3,076
Utilised during the year	(15)	(15)
Released in the year	-	-
31 December 2022	3,137	3,137

Complaints provisions

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

25. Share capital

	2022		2021		2020	
	Shares	£000	Shares	£000	Shares	£000
Authorised:						
At 1 January	4,656,202,956	26	4,689,469,086	26	4,689,469,086	26
Issued	763,930	-			-	-
Subdivision of shares	433,038,540					
Cancelled	-	-	(33,266,130)	(1)	-	-
At 31 December	5,090,005,426	26	4,656,202,956	26	4,689,469,086	26
Allotted:						
At 1 January	4,656,202,956	26	4,689,469,086	26	4,689,469,086	26
Issued	763,930	-			-	-
Subdivision of shares	433,038,540					
Cancelled	-	-	(33,266,130)	(1)	-	-
At 31 December	5,090,005,426	26	4,656,202,956	26	4,689,469,086	26

During the year the parent company subdivided its 433,038,540 E ordinary shares of £0.00001 each into 866,077,080 E shares of £0.000005 each.

During the year the parent company issued 763,930 ordinary shares in the capital of the Company of £0.000005 each. The subscription price paid for these shares was £763,930,878, resulting in an increase in share capital of £4 and an increase in share premium of £763,930,874.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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.
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At 31 December 2022 £16.6m of money market funds held within cash and cash equivalents were held at FVTPL using level 1 valuation (2021 and 2020: nil).

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

i) Liquidity risk

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

Cash at bank earns interest at floating rates based on daily bank overnight deposit rates. The fair value of cash and cash equivalents at 31 December 2022 is £61.1m (2021: £28.5m, 2020: £23.8m).

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

27. Financial risk management (continued)

Year ended 31 December 2022

	<3 months £000	3–12 months £000	1 to 5 years £000	>5 years £000	Total £000
Trade payables	211	-	-	-	211
Sub fund manager fees	7,295	-	-	-	7,295
Adviser fees	7,235	-	-	-	7,235
Other payables	2,221	-	-	-	2,221
Lease liabilities	173	517	1,307	-	1,997
Client onboarding liabilities	16,220	79,980	6,810	-	103,010
Finance loan	60	-	55	-	115
Total	33,415	80,497	8,172	-	122,084

Year ended 31 December 2021

	<3 months £000	3–12 months £000	1 to 5 years £000	>5 years £000	Total £000
Trade payables	881	-	-	-	881
Sub fund manager fees	5,700	-	-	-	5,700
Adviser fees	7,865	-	-	-	7,865
Other payables	2,366	-	-	-	2,366
Lease liabilities	171	512	1,821	-	2,504
Client onboarding liabilities	6,011	45,059	32,432	-	83,502
Accrued interest	8,591	-	-	-	8,591
Finance loan	-	2,976	109	-	3,085
Acquisition loan facility	-	-	781,673	-	781,673
Revolving credit facility	-	-	34,875	-	34,875
Total	31,585	48,547	850,910	-	931,042

Year ended 31 December 2020

	<3 months £000	3–12 months £000	1 to 5 years £000	>5 years £000	Total £000
Trade payables	2,775	-	-	-	2,775
Sub fund manager fees	4,840	-	-	-	4,840
Adviser fees	4,560	-	-	-	4,560
Other payables	2,347	-	-	-	2,347
Lease liabilities	136	409	1,729	332	2,606
Client onboarding liabilities	69,208	-	-	-	69,208
Accrued interest	6,947	-	-	-	6,947
Finance loan	-	-	-	109	109
Acquisition loan facility	-	-	-	580,151	580,151
Revolving credit facility	-	-	-	36,300	36,300
Total	90,813	409	1,729	616,892	709,843

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

27. Financial risk management (continued)

At 1 January 2020

	<3 months £000	3–12 months £000	1 to 5 years £000	>5 years £000	Total £000
Trade payables	1,392	-	-	-	1,392
Sub fund manager fees	3,837	-	-	-	3,837
Adviser fees	3,451	-	-	-	3,451
Other payables	30,264	-	-	-	30,264
Lease liabilities	152	454	1,825	716	3,147
Accrued interest	6,244	-	-	-	6,244
Acquisition loan facility				506,883	506,883
Revolving credit facility				25,662	25,662
Total	45,340	454	1,825	533,261	582,880

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

ii) Capital risk management

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

The primary source of capital used by the Group are equity shareholders' funds of £724.7 (2021: Debt financing of £618.5m, 2020: £442.0m).

The Group is subject to regulatory capital requirements supervision by the Financial Conduct Authority. The Group is required to measure and monitor its capital resources under the MIFIDPRU requirements at a Group level and under IPRU-INV and IFPRU requirements in its individually regulated subsidiaries, and has complied with this requirement throughout the 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 loans to advisers. This is managed by the Group by only placing funds with minimum BBB rated leading UK banks for non-return of cash on deposit. For recovery of loans to advisers, the repayment of the loan is settled by fees generated from the client assets transferred. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the loans. Management has assessed the expected credit loss to be materially close to nil for 2022, 2021 and 2020 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 Groups exposure to credit risk from cash and cash equivalents:

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

27. Financial risk management (continued)

31 December 2022

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

31 December 2021

	AAA £000	AA £000	A £000	BBB £000	<BBB £000	Carrying value £000
Cash at amortised cost	-	-	-	28,469	-	28,469
Total cash and cash equivalents	-	-	-	28,469	-	28,469

31 December 2020

	AAA £000	AA £000	A £000	BBB £000	<BBB £000	Carrying value £000
Cash at amortised cost	-	-	-	23,848	-	23,848
Total cash and cash equivalents	-	-	-	23,848	-	23,848

The expected credit loss of the group has been assessed as nil for the year ended 31 December 2022 (2021 and 2020: nil) as materially all the fees due to the Group are settled via the funds under management, with minimal settlements directly via invoicing. As a result, the Group has relative certainty over the collection of fees due.

iv) Market Risk

Market risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. Market risk arises from changes in equity, bond and property prices, interest rates and foreign exchange rates. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held. The Group recognises that climate change and other environmental risks can contribute to market risk. The Group has no direct material exposure to interest rate risk or foreign exchange risk.

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

The Group does not undertake any principal trading for its own account. The Group's revenue is however affected by the value of assets under management and consequently it has exposure to equity market levels and economic conditions. Scenario testing is undertaken to test the resilience of the business to severe but plausible events, including assessment of the potential implications of climate-related risks and opportunities, and to assist in the identification of management actions. The key sensitivity to market risk is the carrying value of the client onboarding costs. Sensitivity analysis has been disclosed to this in note 6.

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

28. Related party transactions

Balances and transactions between the Parent and its subsidiaries have been eliminated on consolidation and are not presented in this note. Transactions with key management personnel have been disclosed in note 16.

Other related parties

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

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
	Loans to Kane Bidco during the year	Loans to Kane Bidco during the year	Amounts owed by related parties	Amounts owed by related parties
Kane Bidco Limited	34,882	-	34,882	-

29. Subsidiaries

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

The Registered address of each company above is the same as that of the parent:

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

True Potential Group Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

30. Ultimate controlling party

The immediate parent undertaking is Kane Bidco Limited, a jersey registered company. However, the ultimate parent undertaking and controlling party is Cinven Capital Management (VII) General Partner Limited.

31. Events after the reporting period

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

Company balance sheet

For the year ended 31 December 2022

	Note	2022 £000	2021 £000	2020 £000	1 January 2020 £000
Non-current assets					
Investment in subsidiaries	4	1,044,354	1,044,354	1,044,354	1,006,756
Total non-current assets		1,044,354	1,044,354	1,044,354	1,006,756
Current assets					
Trade and other receivables	5	512,471	2,663	1,702	181
Cash and cash equivalents		544	63	302	627
Total current assets		513,015	2,726	2,004	808
Total assets		1,557,369	1,047,080	1,046,358	1,007,564
Current liabilities					
Trade and other payables	6	(63,590)	(413,571)	(458,460)	(415,223)
Current tax liability		(283)	(7)	(1,163)	(2,962)
Total current liabilities		(63,873)	(413,578)	(459,623)	(418,195)
Total liabilities		(63,873)	(413,578)	(459,623)	(418,195)
Net assets		1,493,496	633,502	586,735	589,369
Equity					
Share capital		26	26	26	26
Share premium		763,931	-	-	-
Revaluation reserve		-	-	-	18
Retained earnings		729,539	633,476	586,709	589,325
Total equity		1,493,496	633,502	586,735	589,369

The notes on pages 67 to 72 form a part of these financial statements.

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



Daniel Harrison
Director
28 March 2023



Sir David Harrison
Director
28 March 2023

Company statement of changes in equity

For the year ended 31 December 2022

31 December 2022	Share Capital £000	Share Premium £000	Retained earnings / (accumulated losses) £000	Total equity £000
Balance at 1 January 2022	26	-	633,476	633,502
Profit for the year	-	-	105,246	105,246
Total comprehensive income	-	-	738,722	738,748
Issue of shares	-	763,931	-	763,931
Dividends	-	-	(9,183)	(9,183)
Balance at 31 December 2022	26	763,931	729,539	1,493,496

31 December 2021	Share Capital £000	Share Premium £000	Retained earnings / (accumulated losses) £000	Total equity £000
Balance at 1 January 2021	26	-	604,555	604,581
Profit for the year	-	-	57,071	57,071
Total comprehensive income	-	-	57,071	57,071
Dividends	-	-	(28,150)	(28,150)
Balance at 31 December 2021	26	-	633,476	633,502

31 December 2020	Share Capital £000	Share Premium £000	Revaluation reserve £000	Retained earnings / (accumulated losses) £000	Total equity £000
Balance at 1 January 2020	26	-	18	589,325	589,369
Profit for the year	-	-	(18)	29,230	29,212
Total comprehensive income	-	-	(18)	29,230	29,212
Dividends	-	-	-	(14,000)	(14,000)
Balance at 31 December 2020	26	-	-	604,555	604,581

Notes to the parent company financial statements

For the year ended 31 December 2022

1. First Time adoption of IFRS

These financial statements of the company have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. These are the company's first IFRS consolidated financial statements and, accordingly, IFRS 1, First-time adoption of International Financial Reporting Standards (IFRS 1), has been applied. Previously, the Company has prepared its financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standards, applicable in the United Kingdom' and the Companies Act 2006 ("FRS 102")

The Company's date of transition and opening balance sheet date is 1 January 2020. For all the periods presented in these financial statements, the Company applied IFRS effective as of 31 December 2022.

The following optional exemptions have been applied by the Company as of transition date, as allowed by IFRS 1:

The Company assessed all contracts existing as of 1 January 2020 to determine whether such contracts contained a lease based upon the conditions in place as of 1 January 2020. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. Right of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payment relating to the lease recognised in the balance sheet immediately before 1 January 2020.

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

The impact of transition to IFRS on the Company's balance sheet, income statement and cash flows from FRS 102 and required disclosures of IFRS 1, are presented below:

Notes to the parent company financial statements

For the year ended 31 December 2022

i) Reconciliation of equity at 1 January 2020 (date of transition to IFRS)

	FRS 102 £000	Prior year adjustments previously recognised £000	Reclassification and remeasurements £000	IFRS as at 1 January 2020 £000	Explanatory notes
Non-current assets					
Intangible assets	17,056	(17,056)	-	-	
Investment in subsidiaries	1,006,756	-	-	1,006,756	
Total non-current assets	1,023,812	(17,056)	-	1,006,756	
Current assets					
Trade and other receivables	181	-	-	181	
Current tax asset	-	-	-	-	
Cash and cash equivalents	627	-	-	627	
Total current assets	808	-	-	808	
Total assets	1,024,620	(17,056)	-	1,007,564	
Current liabilities					
Trade and other payables	(435,251)	17,056	-	(418,195)	
Current tax liability	-	-	-	-	
Total current liabilities	(435,251)	17,056	-	(418,195)	
Total liabilities	(435,251)	-	-	(418,195)	
Net assets/ (liabilities)	589,369	-	-	589,369	
Equity					
Share capital	26	-	-	26	
Revaluation reserve	18	-	-	18	
(Accumulated losses) / Retained earnings	589,325	-	-	589,325	
Total equity	589,369	-	-	589,369	

Notes to the parent company financial statements

For the year ended 31 December 2022

ii) Reconciliation of equity as at 31 December 2021

	FRS 102 £000	Prior year adjustments previously recognised £000	Reclassification and remeasurements £000	IFRS as at 31 December 2021 £000	Explanatory notes
Non-current assets					
Investment in subsidiaries	1,814,907	-	(770,553)	1,044,354	Note A
Total non-current assets	1,814,907	-	(770,553)	1,044,354	
Current assets					
Trade and other receivables	2,663	-	-	2,663	
Current tax asset	-	-	-	-	
Cash and cash equivalents	63	-	-	63	
Total current assets	2,726	-	-	2,726	
Total assets	1,817,633	-	(770,553)	1,047,080	
Current liabilities					
Trade and other payables	(413,578)	-	-	(413,578)	
Total current liabilities	(413,578)	-	-	(413,578)	
Total liabilities	(413,578)	-	-	(413,578)	
Net assets/ (liabilities)	1,404,055	-	(770,553)	633,502	
Equity					
Share capital	26	-	-	26	
Revaluation reserve	770,553	-	(770,553)	-	Note A
(Accumulated losses) / Retained earnings	633,476	-	-	633,476	
Total equity	1,404,055	-	(770,553)	633,502	

iii) Explanatory notes

Note A

Management has elected on transition to IFRS to recognise investment in subsidiaries at deemed cost, being the fair value under previously reported GAAP at the date of transition to IFRS.

Notes to the parent company financial statements

For the year ended 31 December 2022

2. Accounting policies

Financial instruments

(i) Financial assets

Basic financial assets, including other debtors, cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

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

(ii) Financial liabilities

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

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

Administrative expenses

All administrative expense in True Potential LLP and its subsidiaries are recognised on an accruals basis.

Investments in subsidiary undertakings

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

Accounting judgements and estimates

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

Notes to the parent company financial statements

For the year ended 31 December 2022

3. Staff costs

No emoluments were paid by the company in the year. The aggregate emoluments paid to directors of the Group and the remuneration of the highest paid director, settled by a subsidiary of the company can be found in Note 16 of the Group Financial Statements.

4. Investment in subsidiaries

Details of the subsidiaries held directly and indirectly by the Company are shown in Note 29 of the Group Financial Statements.

	2022 £000	2021 £000	2020 £000
At 1 January	1,044,354	1,044,354	1,006,756
Additions	-	-	37,598
Impairment	-	-	-
At 31 December	1,044,354	1,044,354	1,044,354

As detailed in Note 1, on transition to IFRS management elected to recognise investments in subsidiaries at deemed cost from 1 January 2020, being the fair value of the investment in subsidiaries at that date under the previously reported GAAP, FRS 102. Management assesses annually for impairment to the carrying value of investment in subsidiaries. No impairment has been recognised in 2022.

5. Trade and other receivables

	2022 £000	2021 £000	2020 £000	1 January 2020 £000
Current				
Prepayments	4	23	102	181
Amounts owed by group undertakings	512,097	-	-	-
Other debtors	370	2,640	1,600	-
Total trade and other receivables	512,471	2,663	1,702	181

6. Trade and other payables

	2022 £000	2021 £000	2020 £000	1 January 2020 £000
Current				
Trade creditors	29	-	36	-
Amounts owed to group undertakings	63,099	413,529	458,424	415,223
Accruals	462	42	-	-
Total trade and other payables	63,590	413,571	458,460	415,223

Notes to the parent company financial statements

For the year ended 31 December 2022

7. Risk management

Risk management in the context of the Group is considered in the Group Financial Statements note 27. The business of the company is managing its investments in subsidiaries. Its risks are considered to be the same as those in the operations themselves, and full details of the major risks and the Group's approach to managing these are given in the Group Financial Statements. There are no material assets or liabilities other than investment in subsidiaries and corresponding intercompany balances which require further risk management by the company specifically.

8. Related party transactions

The directors and key management of the Company are considered to be the same as for the Group. Information on both the Company and the Group key management compensation can be found in notes 16 and 28 to the Group Financial Statements. Transactions between the Company and related parties are detailed in note 28 to the Group Financial Statements.

9. Events after the reporting period

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