

True Potential Group Limited
Report and consolidated financial statements
for the year ended 31 December 2020

Registered number 09917444

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for the year ended 31 December 2020

Contents

Directors and advisers for the year ended 31 December 2020.....	1
Chairman's report for the year ended 31 December 2020.....	2
Strategic report for the year ended 31 December 2020.....	4
Directors' report for the year ended 31 December 2020.....	18
Independent auditors' report to the members of True Potential Group Limited.....	22
Consolidated profit and loss account for the year ended 31 December 2020	26
Consolidated balance sheet as at 31 December 2020.....	27
Consolidated statement of changes in equity for the year ended 31 December 2020	28
Company balance sheet as at 31 December 2020	29
Company statement of changes in equity for the year ended 31 December 2020.....	30
Consolidated statement of cash flows for the year ended 31 December 2020.....	31
Statement of accounting policies	32
Notes to the financial statements for the year ended 31 December 2020	38

True Potential Group Limited

Directors and advisers for the year ended 31 December 2020

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True Potential Group Limited

Chairman's Report for the year ended 31 December 2020

A rising tide floats all ships is a metaphor for the way strong markets make all firms look good, but it can fool those who only look at surface level statements and opinions, not real facts and results over time. The opposite is also true. Those who do well and excel when conditions are against them are rare and are what the author Nassim Taleb labelled anti-fragile. They aren't just resilient, or robust, they actually improve when put under the same stressful situations that kill off scores of firms, and cause economies to re-set.

2020 was a year that tested countries, not just firms throughout the world. Many hysterical media commentators, exaggerating even more than normal, liberally overusing words like unprecedented, would have us believe that it was the end of the world, as we know it. It isn't, but 2020 certainly had some features: Brexit; Covid; Trump/USA; Stock Market crash. They challenged the status quo, in the short term, but here are some quick facts.

Brexit/UK

- Britain is back up to 5th largest economy in the world
- £900bn of trade deals have already been signed outside of EU
- Agreements with Japan and India have been reached
- Minimum 10 freeports to open, starting this year

Covid

- UK internet sales were 36% of total retail sales at the end of 2020 – up from 21% a year earlier and having averaged 19% over the previous decade.
- Energy consumption in the UK is down by 13% compared to 2019
- 22.1 million people travelled through Heathrow airport last year, down 58.8 million on the previous 12 months.
- 98% of all Covid deaths occurred in those who were 70 years old and above. All of this age group, approximately 22% of the entire UK population, has now been vaccinated. 22% helps safeguard 98%, an extreme example of the 80/20 rule.
- We had been told it could take several years to find a vaccine, it took several weeks, there are now several, some of which the EU have finally approved.

Wealth

- Median household net wealth in Great Britain has increased by 9% to £286,600, after adjusting for inflation.
- Britons saved £250bn during Covid lockdown, according to the Bank of England.
- Total global wealth rose by USD 36.3 trillion and wealth per adult reached USD 77,309, up 8.5% compared to the previous year, according to Credit Suisse's 2020 Global Wealth Report.
- In the last 20 years the amount of people living in the world in extreme poverty has halved (Ipsos from Factfullness)

True Potential Group Limited

Chairman's Report for the year ended 31 December 2020 (continued)

Green energy

- In 2019, total UK greenhouse gas emissions were 45.2 per cent lower than in 1990 and 3.6 per cent lower than 2018.
- The UK accounted for 1% of global emissions.
- China alone produced 28% and was responsible for almost two-thirds of the growth in emissions since 2000.
- In 2019 wind and solar between them supplied just 1.5 percent of the world's energy consumption. 94 percent — came from burning coal, oil, gas, wood, and biofuels.

True Potential

Our sales, turnover and profits are all up by a large margin – continue reading to find out by how much. As a company we have come through several years that commentators all labelled as cataclysmic, and yet in each of those years we have posted exceptional figures. We are a strategic company, we aim to hit objectives over the long term, whilst taking advantage of short-term shocks.

For me 2020 was exceptional in the way many who should have known better, acted in a panicky and hysterical fashion, and tested the limits of our democracy. Many took advantage of a media hungry for even more hysteria to push their own private agendas on a range of issues unrelated to the serious medical one, and I believe the reaction to that has yet to be seen.

We worked throughout the year, we put no-one on furlough, our people volunteered to come into the offices as needed to handle client specific correspondence. The levels of business carried out increased tremendously, as did our ability to help our clients manage using our in-house technology, via their own True Potential apps. My thanks to every one of them – no complaints, no asking for medals, no weeping on cue on camera, just great people (the UK has loads of them) helping each other and our clients, as per normal.

I will leave you with that same author's caption on the front of his totemic book Antifragile: Tough times don't last, tough people do.



David Harrison
Chairman
15 March 2021

True Potential Group Limited

Strategic Report for the year ended 31 December 2020

Chief Executive's Report

Writing this year's foreword has proven to be a bittersweet task.

Bitter, because one cannot reflect on 2020 without referencing the COVID-19 pandemic and the harm it has caused, but sweet, because 2020 was by far and away our most successful year in business.

Whilst never wishing for a pandemic, it has perversely proven that the True Potential model and our diversified approach is the right way to run a financial services business. Whilst others in our industry have floundered, we have thrived in 2020.

Our 'Hybrid Advice' model, combining the expertise of a financial adviser with our client-led technology, resulted in increased contact, improved service and industry reach like never before.

And the results have been impressively effective.

£4.2 billion of new client money was invested onto the True Potential Platform, a 62% increase from 2019. As of writing, we administer £14.5 billion of client money, and invest and manage £12.5 billion of this in the True Potential Funds.

This growth in sales has ensured an equally strong growth in turnover and EBITDA. Our turnover jumped £40 million to £184.9 million and our EBITDA grew by 59% to £74 million.

Our diversified and active approach to investing meant that all our True Potential Portfolios increased in value in 2020. COVID-19 introduced record amounts of volatility in 2020 – with some dramatic decreases and some equally dramatic increases being a regular theme. Through being actively diversified across a range of investment strategies, asset types, currencies and regions, our best performing Aggressive Portfolio grew by 3.81%.

Our strong financial foundations and excellent results over the year have enabled us to continue to invest back into the firm to further improve our proposition. Our approach to agile working and innovation has been a great example of this.

All staff have been at full working capacity since the first lockdown in March and have done a remarkable job working from home, with a smaller team maintaining a physical presence from Head Office to complete physical tasks. When regulations have allowed, we have been able to reintroduce the teams back into the office at various times throughout the year – something that is essential when it comes to working together as a team and being able to socialise in person.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Chief Executive's Report (continued)

This has meant that all of our service commitments have been met throughout 2020 to all of our clients and we have been able to offer support and commitment at all times. This has been recognised throughout the industry – we received:

- Public Vote Champions at the City of London Wealth Management Awards 2020.
- True Potential Adviser Services was awarded 5 stars in the Back Office and Support Services category at the Financial Adviser Service Awards 2020.
- The Platform Operations Team were awarded the joint highest score from Defaqto.
- True Potential finished top of the Next Wealth Platform Leader Board and we've been named as a 'Digital Process Champion'.

I would like to take this opportunity to formally thank the team for all of their hard work and commitment exhibited during 2020; something that has been maintained since the beginning of this year.

The innovation that comes from our approach to development has also reaped rewards. Faced with the potential operational and health issues that come from paper forms, the team designed and implemented a radical new way to help deal with client wishes, called Digital Direct Offer. This fully paperless process processed more than £1 billion of all group business last year.

An older innovation, but still an exclusive to our group, impulseSave® saw clients save £97 million through their online accounts and mobile applications.

2020 also saw us overhaul and release our core technology. Named VNext, this platform is an all-in-one solution for clients, advisers and anyone else using True Potential. It's sound operating principle of one set of data means that we have the most scalable and fit-for-purpose system in UK financial services – used by thousands of individuals daily and hosting billions of pounds of client assets under management.

Those technologies referenced above are just three examples of our commitment to making the investment journey as integrated as possible, resulting in a better experience and better value investing for all and saw us acknowledged as Digital Process Champion by NextWealth.

This approach to technology has also allowed us to massively increase our overall communications and interactions. Our clients logged in to their accounts almost 4 million times – looking at valuations, setting goals, topping up and getting in touch with us or their financial adviser.

We handled more than 140,000 phone calls and 87,438 emails and made sure that we were there to reassure all of our investors when markets were volatile. COVID-19 also accelerated the willingness of clients to use video calls – we helped clients 'face-to-face' more than 3,000 times and this is a figure that will only continue to grow.

We also ensured that we played our part as an educator, to help reassure our clients that we were there and to provide vital, fact-based information. We did this by sharing 43 weekly email updates, 4 editions of our flagship True Insight magazine and through regular videos. Our 250+ daily 'Morning Markets' videos and 50 weekly 'Do More With Your Money' podcast episodes helped contribute to almost half a million views in 2020.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Chief Executive's Report (continued)

Writing this in February 2021, I am full of optimism for the year ahead. The business has just enjoyed its most profitable month to date and third best on record for new investments. There is hope that the UK vaccination program will allow us to truly break free of this terrible virus – which can only lead to good times ahead for us all.

Thank you to everyone who trusts True Potential with your investments and who worked with us in such strong partnership in 2020. It is a privilege to lead this firm and your backing is hugely appreciated by us all.

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
15 March 2021

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Business Review

We're privileged to work with 20% of UK financial advisers and their clients, meaning we can have a real impact on the way people in this country save and invest their money. It's a responsibility that we don't take lightly in any year, but never more so than 2020.

Personal Financial Advice

We believe in Hybrid Advice, blending innovative technology with expert financial advice. This offers clients the access and support they need 24/7, whilst ensuring they have an adviser to speak to whenever needed.

True Potential Wealth Management pioneered this approach and it's proven incredibly popular. In 2020, 220 new advisers joined us, taking the firm to 700 advisers – one of the largest in the UK.

93,000 clients now benefit from Hybrid Advice, ensuring they have constant access to their investments and can speak to a highly qualified adviser if they need to review or adapt their financial plan.

Through True Potential Adviser Services, we also work with 682 directly authorised firms and 3,400 total financial advisers, representing 1 million clients who also have access to Hybrid Advice.

This blended approach enabled us to adapt at speed to the challenges of 2020. Our advisers moved seamlessly from in-person to remote meetings, meaning no client had to wait to get the advice they needed. In fact, thanks to the efficiency of video calls, we increased the number of client meetings over the same period last year.

Thanks to our digital approach to advice, we saw no delays or interruptions to client investments either. With 95% of our processes online, we handled over £4 billion pounds of transactions for clients without paperwork.

Alongside our operational changes, we also took the opportunity to increase and improve our client communications. We welcomed 13,840 attendees to our adviser webinars, keeping our advisers up to date with the industry and new ways of working. We also held two remote adviser conferences, both with 1,000 attendees.

For clients and advisers, we launched our Do More With Your Money podcast. This weekly show covers a wide range of topics suggested by investors, including investment and market discussions, political and economic news as well as personal finance tips and the latest from True Potential.

Investment Management

This year we celebrated the fifth anniversary of our True Potential Portfolios by hitting several significant milestones. We reached £12.5 billion in the True Potential Funds, our Aggressive Portfolio surpassed 59% growth since launch and we now have 90,000 individual clients invested in a True Potential Portfolio.

The success of the Portfolios is thanks to our focus on maximising growth, minimising risk and driving down the cost of ownership. We achieve these outcomes for clients through a strategy we call Advanced Diversification – blending tried-and-test multi-asset strategies from a range of world-class fund managers.

Our approach gives us access to 9,000 experts in 200 locations around the world. This unrivalled range of expertise enables us to put clients in what we believe is the best position for the future.

We've always believed our investment philosophy allows us to adapt to any market conditions and 2020 was testament to that. Using the insight of our fund managers, we reviewed and rebalanced Portfolios and have continued to do so as national lockdowns around the world have impacted the economy and people's money.

Our in-house investment analysts constantly monitor performance, asset allocation and risk ratings to ensure our Portfolios remain aligned to our goals and those of our clients. As we entered various stages of lockdown in the UK, we took our daily meetings online so that we didn't miss a single day of analysis.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Investment Management (continued)

In addition, to help our clients better understand the unusual events of the year and cut through the noise we launched Morning Markets. This daily video breaks down the biggest investment story of the moment in just a few minutes and explains what it means in real terms for our clients' money.

Our Performance

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Since Launch
Defensive	7.9%	4.0%	-2.4%	6.2%	3.0%	20.8%
Cautious	11.0%	5.3%	-3.9%	9.9%	3.7%	30.7%
Balanced	13.8%	8.3%	-5.9%	13.7%	3.5%	40.8%
Growth	16.4%	10.9%	-6.3%	16.6%	4.1%	53.4%
Aggressive	17.7%	13.5%	-7.5%	17.6%	3.8%	59.2%

Dedicated Support

With over a million clients and 3,400 financial advisers relying on us, we've been delivering award-winning support for over a decade. In 2020, being available to assist our clients and advisers whenever and however they needed become more important than ever.

While our Hybrid Advice model means that our clients have all the information they need about their investments in the palms of their hands, we know how vital it is to be accessible when a question arises. The same is true for financial advisers, whose businesses depend on us delivering a technology-led service backed up by reliable support.

We know how important it is that clients and advisers can contact us in a way that suits their lifestyle and preferences. That's why we're available through a range of easy-to-use channels and will continue to expand our service to meet changing demands.

We can be contacted by:

- Video call – for face-to-face conversations
- Phone call – to talk through any questions
- Live chat – for help and support on-the-go
- Email – when an instant response isn't needed

Thanks to our in-house technology and digital approach, our support teams made a seamless overnight transition to remote working. By 8 am the morning after lockdown, we were taking calls, live chats and messages without missing a single client or adviser query.

After settling into this new way of working, we were able to reduce call waiting times first to an average of just 20 seconds, then further to 13 seconds. It's this dedication to improvement that saw our support service rated 5 stars by the Financial Times Service Awards.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Dedicated Support (continued)

Since the beginning of the year, we've handled 145,718 phone calls, 14,819 live chats, 3,120 video calls, 147,757 pipeline messages, 8,527 secure messages and 87,438 emails from clients and advisers. In March, as markets reacted to global lockdowns and an advancing pandemic, we dealt with a record 8,767 incoming support queries. In response, we began trialling extended opening hours which we've since adopted long-term to give our clients more opportunities to contact us.

As we spoke to clients throughout the year, we began to deal with a broader range of financial matters and took the step of launching a new video series, Master Your Money. This weekly show deals with the personal finance questions we receive, such as retirement planning, the state pension and getting started with ISAs. The episodes aim to help clients improve their financial education and start doing more with their money.

Innovative Technology

With over 3.6 million logins in 2020, our clients had unrivalled access to their investments in what's been one of the most volatile years in recent memory. For the vast majority, this was the reassurance they needed to weather the stormy days and make the most of the recovery. Those who wanted more could launch a chat directly from their account and speak to our staff in seconds.

Working remotely didn't slow our drive for innovation as we grew our development team and released a range of new features. Clients received an updated app, offering faster response times and greater stability, as well as a vital upgrade in April that introduced real-time valuations so that clients can now see investment performance to the minute.

In April, we released a new online transfer process, taking us to 95% paperless processes, which has now handled over £1 billion of transactions. The following month we launched our online drawdown system, empowering clients to manage their Pension withdrawals in just a few clicks. Since May, 2,783 clients have accessed their money this way, with no paperwork. Our industry-first online annual review system, now in its second year processed a record 158,622 reviews for clients.

Later in the year, we began a phased roll out of True Potential Rewards. This latest innovation aims to help clients find new ways to reach their goals, by providing money back offers from over 500 popular retailers. With just a click of the app, the rewards are recorded and can be automatically invested into a clients Pension or ISA. It's no surprise that our most popular offer this year has been Just Eat, with clients turning takeaways into top ups.

For our financial advisers, we launched our most ambitious upgrade to our Back Office system to date. Rebuilt from the ground up by our developers, vNext takes everything we've learned from 14 years servicing advisers to bring their entire business into a single system. Seamlessly integrated with our True Potential Platform, vNext makes running a business, staying compliant and servicing clients more straightforward than ever – freeing up advisers to spend their time finding new clients and advising their existing ones.

Since launch 682 firms, 3,400 advisers and 12,000 support staff have used vNext, recording a total of 229,080,124 pageviews in 2020. Despite its complexity behind the scenes, the average screen loading time for an adviser is just 1.3 seconds. The response to date has been fantastic and we have further plans to improve the system already underway.

Our technology drew a huge level of industry praise this year, including topping NextWealth's leaderboard and being named a 'Digital Champion' as well as recording the highest ever score from the lang cat as they reviewed the industry's response to the pandemic.

To help our clients make the most of their accounts and the latest upgrades available to them, we launched our Investor Academy. This short online video course, delivered by email when a client joins us, helped thousands of viewers do more with their money.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Giving Back

In a year when supporting our clients and financial advisers has been more important than ever, we've also focussed on expanding the ways we help the wider community around us. We're delighted to have raised over £300,000 for a range of charities, as well as provided support for some of the most vulnerable during the COVID-19 pandemic.

As the first national lockdown began in March, we identified potentially vulnerable clients and began a programme of enhanced contact with them. The response was fantastic, with both clients and our customer care team enjoying the opportunity to talk to each other about their wellbeing, personal finances and anything else on their mind.

We followed up with clients who wanted to stay in touch and arranged the delivery of 14,000 hampers from a local North East deli to clients living alone or who had trouble shopping.

At the same time, our Chairman David Harrison launched the UnIsolated group on Facebook which grew to 10,000 members, all using it to keep in touch and make new friends. Using his personal experiences of being in lockdown from the early days, David posted live videos, hosted quizzes and shared his tips for staying positive through the pandemic.

We also launched the C-19 Business Pledge, which created a network of employers around the country dedicated to responding to the pandemic. In just a few months the Pledge grew to cover 3 million employees.

The C-19 Business Pledge followed the success of our ongoing Social Mobility Pledge, founded by David Harrison and Rt Hon Justine Greening, which now covers 7 million people. The 500 organisations signed up to the Pledge are all committed to creating better opportunities, even more so throughout the recovery phase of the pandemic.

Within True Potential, our staff and advisers proved their generosity throughout the year with an incredible £300,000 raised for a range of charities that support disadvantaged and vulnerable people in the UK. Although we had to get creative with our activities, we managed to complete the Great North Run in our Head Office carpark as well as host a virtual sports day with challenges for staff.

Our business model, technology focus and, most of all, the dedication of our staff and advisers has produced a record year for True Potential. We believe our success also brings a responsibility to give back to those that need help, even more so in challenging times. After a record year for giving, we're looking forward to helping people do even more in 2021.

Our Awards

Over the years, we are proud that our mission to do more for our clients has been recognised with multiple industry awards.

2020 has been yet another successful year for us at True Potential, starting off in March when we were named Public Vote Champions at the City of London Wealth Management Awards 2020.

In November our Adviser Services team were also awarded 5 stars in the Back Office and Support Services category at the Financial Adviser Service Awards 2020. We are extremely proud to share that we provided the best adviser support in the industry.

Lastly another great achievement is that in November True Potential finished top of the Next Wealth Platform Leader Board and we've been named as a 'Digital Process Champion'.

While it's great to see our awards cabinet full, the recognition we value most of all is from our advisers and clients. With 20% of the advice industry using us and over 1 million clients benefitting from our services, the numbers speak for themselves. We're looking forward to making 2021 the year we help investors all around the UK do more with their money.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

The Future

2020 will be remembered around the world for many reasons, both positive and negative. We've all been impacted by COVID-19, some of us in life-changing ways. At the same time, we have a collective experience and togetherness that has helped us survive and allows us to begin to look forward.

The world has changed forever. 2021 will not be the year we predicted 12 months ago, but within those changes are advances that help all of us do more. From the achievements of scientists developing a vaccine in record time to simply learning how to keep in touch with friends and family remotely, tough times create opportunities for all of us.

Our clients and advisers can now manage their money and businesses entirely online, through paperless processes that have arrived years earlier than they would have.

Our apps and online accounts are on course for a major upgrade, recognising their growing importance in people's lives.

And, with open banking, personal finance tools, online transfers and money-back rewards, True Potential is set to be the home for people to view their entire financial lives in one place.

These upgrades, alongside our expert financial advice and dedicated support teams are the key to helping people across the UK do more with their money.

We won't ever stop innovating, no matter what is happening in the world around us. We believe that having control of your money makes life better, whether it's building up an emergency fund to get through the hard times or having the opportunity to retire on your own terms.

It's been a difficult year for all of us, but we've been privileged to work with the best clients, financial advisers and staff in the industry.

As we have been saying all year at True Potential; tough times don't last, tough people do.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Financial Report

Group performance

The year saw the Group deliver record amounts of new business sales, with £4.2 billion of assets added in 2020. On the back of this strong sales result (an increase of 62% on 2019), total assets on the True Potential Investments (“TPI”) wealth platform increased 33% to £13.9 billion and assets in TPI’s own funds increased by 37% to £11.8 billion. This has driven an increase of 28% in Turnover to £184.9 million, and an increase of 59% in EBITDA to £74 million.

Throughout 2020 the Group continued to invest in True Potential Wealth Management’s (“TPWM”) industry leading Hybrid Advice proposition. This resulted in 220 new advisers joining TPWM in 2020, driving company performance and high-quality client service leveraging technology.

The Board of Directors (the Board) monitors the financial performance of the Company by reference to the following key performance indicators (KPIs):

	2020	2019
	£’000,000	£’000,000
Gross new sales	4,210	2,592
Assets under management	13,908	10,443
	2020	2019
	£’000	£’000
Turnover	184,901	144,923
<i>True Potential Adviser Services LLP</i>	4,834	5,278
<i>True Potential Wealth Management LLP</i>	67,562	52,748
<i>True Potential Investments LLP</i>	112,505	86,897
Profit before taxation	19,517	21,906
Add back: Interest payable	31,066	6,386
Add back: Amortisation and depreciation	23,440	18,292
Earnings before interest, taxes, depreciation and amortisation	74,023	46,584

Group turnover can be split into three main elements. True Potential Adviser Services (“TPAS”) turnover represents fees earned from the provision of back-office services to financial advice firms. TPWM turnover represents advice fees earned from our restricted wealth management advice proposition. TPI turnover represents fees earned from provision of a wealth platform, and the Annual Management Charge in respect of our own investment funds.

Features of the Group’s performance in the year include and financial position at the year-end include:

TPI - Performance fee

True Potential’s Growth Aligned Fund range includes a performance fee which only becomes payable if the unit price of the fund is above the high watermark, which is measured as the highest unit price at each previous 30 April.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Financial Report (continued)

The performance fee is calculated as 10% of the fund unit price growth above the high watermark, any performance fee payable is accrued at a fund level on a daily basis. The final fee for the fund year is calculated as at 30 April each year. The effect of only accruing this fee when the fund provides returns above the high watermark is to align our goals with the goals of our clients.

Following a strong performance and highly positive returns to investors in the funds during 2020, the performance fee accrued within the funds as at 31 December 2020 was £9.4 million. The related revenue has been recognized in the year on the basis that it is probable that future economic benefits will flow to the entity, following calculation of the final fee for the fund year as at 30 April 2021. The weighted average unit price at the 31 December 2020 was 111.10 against a weighted average high watermark of 100.67, giving headroom of 10.36% above the high watermark.

As of the 24 February 2021 the weighted average unit price is 111.30, giving headroom of 10.55% above the high watermark. The performance fee continues to accrue on a daily basis and the fund unit prices will be measured against the high watermark on the 30 April 2021. The performance fee payable will be paid in cash in May 2021. If at the 30 April the fund price falls below the high watermark, then no performance fee is payable to True Potential Investments. The performance fee recognised has been measured post year-end for any material changes and no adjustment is required.

TPWM - Customer relationships

As noted above 220 new advisers joined TPWM in 2020, transferring the clients under advice service to the Firm. For certain of these clients, TPWM purchased the client relationship. The value of these customer relationships purchased is recognised as an intangible asset.

Intangible assets recognised in TPWM increased from £81.3 million at 31 December 2019 to £215.7 million at 31 December 2020. This increase largely accounted for the total Group intangible assets increase from £135.7 million at 31 December 2019 to £266.3 million at 31 December 2020.

In calculating the value of the intangible asset to be capitalised, a conversion rate has been applied based on a historical average conversion observed on transactions completed by the year end date. Conversion rates are adjusted to reflect updated actual experience at each reporting date and at the date of completion of the purchase. The conversion rate is applied to the asset value as per the agreed asset purchase contract, to calculate an expectation of assets subject to customer relationship purchases. Intangible asset balances are stated at cost less accumulated amortisation, where management determine their best estimate of the expected future value of the asset.

Intangible assets are reviewed annually for impairment by the company. The potential impairment is calculated as the expected future cashflows less the carrying value of the intangible asset at the reporting date. Management are satisfied that the carrying value of intangible assets is supported by the future benefits of the client relationship.

Where advisers have joined the Group and continue to provide the ongoing service to clients, loan payments may be made based on the value of assets transferred. The loans are recognised in debtors due after more than one year; at 31 December 2020 this loan balance was £5.9 million. Management closely monitor the recoverability of these loans and consider the risk of default on repayment to very low.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Financial Report (continued)

The loans are only advanced as the assets are transferred and management has comfort over the value of assets received to support the loan payments. Robust compliance monitoring of the advisers is in place within TPWM to ensure that the advisers are fit and proper to continue to provide advice and service to clients. Management will continue to monitor the recoverability of the loans closely.

True Potential Group Limited - Fair Value of investment

From the year-end 2019 True Potential Group Limited has valued its investments in subsidiary companies on a fair value basis, as permitted under FRS102 para 9.26.

The assessment of fair value is based on a Directors' valuation. For the year ended 31 December 2020, a fair value has been established as £913 million. This results in a fair value movement of £(131) million being recognised through the profit and loss of True Potential Group Limited.

The investments have been valued by the Director's using a valuation method of EV/EBITDA (enterprise value/ earnings before interest, taxes, depreciation and amortisation) as an appropriate measurement of their fair value. This has been considered the most appropriate valuation method given the structure of the business and with context to the business sector. Consideration has been given to the multiple used, the observable transaction in October 2019 (FTV share buy-back) provides support to the EBITDA multiple applied. Analysis has also been undertaken, comparing this against comparable listed firms in the industry. Any changes to this the methodology would have a material impact on the balances recognised in the True Potential Group Limited financial statements. The Directors agree that the approach and valuation is appropriate.

The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future. The valuation basis will be further assessed as at 31 December 2021.

Going concern

The Group consolidated statement of financial position shows a net liability position of £170.8 million (2019: £182.6m), however, based on the Director's assessment there are sufficient cash resources and financing facilities available to meet ongoing operational and capital requirements.

The net liability position includes an increase in other creditors of £37.5 million to £80.9 million at 31 December 2020 which represents the outstanding liability in respect of the asset purchase contracts that are in the process of transferring as at the year-end. The ability for the Group to meet this liability is supported with the available financing facility of £66 million plus a further incremental accordion facility of £80 million at 31 December 2020.

The Group debt facilities, held by True Potential LLP, were drawn at £458 million of a total available balance of £524 million (plus an incremental accordion facility of £80 million) at 31 December 2020. The £90.5 million debt drawn through 2020 was utilised fully for the purchase of new customer relationships.

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 and the level of debt held by the group. The forecasts show significant positive headroom to covenant compliance and capital requirements both throughout the year and at the year-end.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (continued)

Financial Report (continued)

The financial position of the group continues to be monitored closely to ensure there are sufficient funds in order to meet liabilities as they fall due and sufficient headroom on covenants.

Dividends

Dividends paid are determined by the Managing Board. Interim dividends paid for the year are £14.0 million (2019: £12.0 million). No final dividends will be paid.

Principal risks and uncertainties

The key business risks and uncertainties affecting the group are regulatory risk and market risk. 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 protects our clients and our business.

The group is exposed to limited financial risks. The group has limited exposure to credit risk as all debtors are converted into cash within a short period of time, with the exception of the adviser loan payments where recoverability is monitored closely. The group is highly cash generative 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. The Group is exposed to interest rate risk on the debt balances held. The Group mitigates against interest rate risk with an interest rate cap against 40% of group borrowings at a LIBOR rate of 2.0%, in place to December 2022. The Directors believe that a low interest rate environment will persist and any rises in future will be gradual.

The risks to the group posed by the COVID-19 pandemic are being assessed, monitored and managed closely, both from an operational and a financial perspective. The Company's operational resilience is being 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.



Neil Johnson
Senior Partner
15 March 2021

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (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 as a whole, 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.

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.

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.

True Potential Group Limited

Strategic Report for the year ended 31 December 2020 (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.

Community

Profitability enables True Potential to fulfil the second part our purpose, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared close to £350,000 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.

True Potential Group Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Directors

The following directors have held office during the year and to the date of signing of the financial statements:

David Harrison
Neil Johnson
Mark Henderson
Daniel Harrison
Earl Glasgow
George Peebles (Non-executive)
Peter Coward (Non-executive)

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

£4.2 billion of new client money was invested onto the True Potential Platform, a 62% increase from 2019. As of writing, we administer £14.5 billion of client money, and invest and manage £12.5 billion of this in True Potential Funds.

This growth in sales has ensured an equally strong growth in turnover and profit. Our turnover jumped £40 million to £184.9 million and our EBITDA grew by 59% to £74 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.

Application

The information is presented on behalf of True Potential Group Limited and is contained within the financial statements of the company as it meets the criteria of a large company (per sections 465 & 466 of the Companies Act 2006). As there is no reasonable basis to allocate energy and carbon usage to the Company due to the shared use of facilities and resources across the True Potential Group within the UK, no Company specific information is presented.

The measurement period of the report is 1 January 2020 to 31 December 2020 as this aligns to the financial year.

Organisational boundary

The organisational boundary for reporting is determined to be the UK based activities of True Potential Group entities, encompassing all operations from the offices at Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX. The key environmental impacts to record are limited to greenhouse gases (tCO₂e).

True Potential Group Limited

Directors' report for the year ended 31 December 2020 (continued)

Streamlined Energy and Carbon Reporting (continued)

Data collection and processing

The measurement methodology has been informed by, and complies with, the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, the Corporate Value Chain (Scope 3) Reporting Standard and the UK Government GHG Conversion Factors for Company Reporting. Three scopes are considered: Scope 1 (direct greenhouse gas emissions), Scope 2 (electricity indirect greenhouse gas emissions) and Scope 3 (other indirect greenhouse gas emissions).

Utility consumption data is primary data summated from copies of gas and electricity bills. All billings have been based on real reads so data quality is high. Transport data covers mostly grey fleet with expenses also paid to cover fuel costs in hired vehicles. This data came from company accounting records of expenses paid in the reporting period. The recorded data for grey fleet is only miles and the expenses paid for fuel used for hire cars do not detail fuel types or quantities used so this is considered to be secondary data. The utility and transport data was converted using UK Government GHG Conversion Factors for Company Reporting for the year 2020. Electricity distribution has been voluntarily included in the report under scope 3.

No details of the vehicles used by employees have been recorded. For this reason it was assumed that there were only Petrol and Diesel cars in use in the estate. The mileage was split between the fuels using Government statistics for registered vehicles and fuel types on the road in 2019, which were the latest available figures. The same GHG conversion factors were then used to calculate the emissions based on the average car for each fuel type.

GHG emissions and energy use data

	Fuel type	Total kWh	Emissions tCO2e	
Scope 1	Natural Gas	193,935	35.72	
	Fuel used for transport (hired cars)	Diesel	1,007	0.23
		Petrol	717	0.17
	Fugitive Emissions (refrigeration)		n/a	n/a
Scope 2	Grid Supplied Electricity - contracted supplies	447,038	104.22	
Scope 3	Grey Fleet only	21,934	5.12	
	T&D- UK electricity	447,038	8.88	
	Total Global Energy Use and Emissions	664,632	154.36	

	Emissions tCO2e
Scope 1	36.13
Scope 2	104.22
Scope 3	14.00
Total	154.36

Intensity ratios

	2020 employees	2020 intensity ratio
By number of employees	305	tCO2e/employee 0.51

True Potential Group Limited

Directors' report for the year ended 31 December 2020 (continued)

Future developments

The group will continue to trade with no changes to the group.

Employee policies

It is the policy of the group to ensure that there is no discrimination regarding the employment, training, career development and promotion of employees who are disabled.

Within the bounds of commercial confidentiality, information is disseminated to all levels of employees about matters that affect the progress of the group and are of interest and concern to them as employees, thereby encouraging their involvement in the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' responsibilities statement

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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company 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 United Kingdom Accounting Standards, comprising FRS 102, 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group 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.

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 2020 (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



Neil Johnson
Director

15 March 2021

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 company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 sheets as at 31 December 2020; the consolidated profit and loss account, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended; the statement of accounting policies; and the notes to the financial statements.

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 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 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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 UK tax legislation and to the 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 increase revenue or profitability, or through management bias in manipulation of accounting estimates. Audit procedures performed included:

- Discussions with Management including consideration of known or suspected instances of non-compliance with laws, regulation and fraud;
- Review of Board minutes;
- Review of correspondence with tax authorities and regulators;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulation;
- Evaluation of Management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the fair value of investments;
- Designing audit procedures that incorporated unpredictability around the nature, timing or extent of our testing to material financial statement line items; and
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations.

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.

True Potential Group Limited

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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.

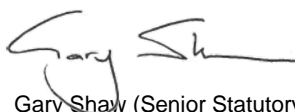
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle

15 March 2021

True Potential Group Limited

Consolidated profit and loss account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	1	184,901	144,923
Cost of sales		(76,402)	(67,011)
Gross profit		108,499	77,912
Administrative expenses		(42,489)	(34,193)
Operating profit before goodwill amortisation		66,010	43,719
Goodwill and brand amortisation	3	(15,427)	(15,427)
Operating profit	3	50,583	28,292
Interest payable and similar charges	4	(31,066)	(6,386)
Profit before taxation		19,517	21,906
Tax on profit	6	6,287	(19,517)
Profit for the financial year		25,804	2,389

All operations are continuing.

The company has no recognised gains and losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit for the financial year above and the historic cost equivalent.

True Potential Group Limited

Consolidated balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-Current Assets			
Goodwill	8	57,938	68,315
Intangible assets	8	266,235	135,673
Tangible assets	9	1,608	2,274
Debtors: amounts falling due after more than one year	11	5,919	-
		331,700	206,262
Current assets			
Debtors: amounts falling due within one year	12	33,777	29,215
Cash at bank and in hand			22,700
Current assets		57,625	51,915
Creditors: amounts falling due within one year	13	(96,504)	(53,978)
Net current liabilities		(38,879)	(2,063)
Creditors: amounts falling due after more than one year	14	(463,615)	(386,797)
Net liabilities		(170,794)	(182,598)
Capital and reserves			
Called up share capital	15	26	26
Share Premium account		-	-
Revaluation reserve		18	18
Accumulated losses		(170,838)	(182,642)
Total shareholders' deficit		(170,794)	(182,598)

These financial statements on pages 26 to 53 were approved by the board of directors on 15 March 2021 and are signed on their behalf by:



Daniel Harrison
Director



Neil Johnson
Director

15 March 2021

Registered number 09917444

True Potential Group Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2020	26	-	18	(182,642)	(182,598)
Profit for the year	-	-	-	25,804	25,804
Dividend paid	-	-	-	(14,000)	(14,000)
Balance as at 31 December 2020	26	-	18	(170,838)	(170,794)

	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2019	44	144,715	-	(8,701)	136,058
Profit for the year	-	-	-	2,389	2,389
Share repurchase	(18)	(144,715)	18	(159,541)	(304,256)
Dividend paid	-	-	-	(16,789)	(16,789)
Balance as at 31 December 2019	26	-	18	(182,642)	(182,598)

True Potential Group Limited

Company balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	8	16,021	17,056
Investment	10	913,375	1,006,756
		929,396	1,023,812
Current assets			
Debtors: amounts falling due within one year	12	1,702	181
Cash at bank and in hand		302	627
		2,004	808
Creditors: amounts falling due within one year	13	(459,623)	(435,251)
Net current liabilities		(457,619)	(434,443)
Creditors: amounts falling due after more than one year	14	-	-
Net assets		471,777	589,369
Capital and reserves			
Called up share capital	15	26	26
Revaluation Reserve		-	18
Retained earnings		471,751	589,325
Total shareholders' funds		471,777	589,369

As permitted by Section 408 of the Companies Act 2006, the parent company profit and loss account has not been included in these financial statements. The parent company loss for the financial year 2020 was £141,189,967 (2019: £18,401,649).

These financial statements on pages 26 to 53 were approved by the board of directors on 15 March 2021 and are signed on their behalf by:



Daniel Harrison
Director



Neil Johnson
Director

15 March 2021

Registered number 09917444

True Potential Group Limited

Company statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total equity £'000
Balance as at 1 January 2020	26	-	18	589,325	589,369
Loss for the year	-	-	-	(141,190)	(141,190)
Partnership profit distribution	-	-	-	37,616	37,616
Revaluation	-	-	(18)	-	(18)
Bonus issue	-	-	-	-	-
Capital Reduction	-	-	-	-	-
Share repurchase	-	-	-	-	-
Dividend paid	-	-	-	(14,000)	(14,000)
Balance as at 31 December 2020	26	-	-	471,751	471,777

	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total equity £'000
Balance as at 1 January 2019	44	144,715	493,373	27,420	665,552
Loss for the year	-	-	-	(18,402)	(18,402)
Partnership profit distribution	-	-	-	48,200	48,200
Revaluation	-	-	215,064	-	215,064
Bonus issue	708,437	-	(708,437)	-	-
Capital Reduction	(708,437)	(144,715)	-	853,152	-
Share repurchase	(18)	-	18	(304,256)	(304,256)
Dividend paid	-	-	-	(16,789)	(16,789)
Balance as at 31 December 2019	26	-	18	589,325	589,369

True Potential Group Limited

Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities	16	107,577	67,715
Taxation paid		(9,337)	(7,013)
Net cash generated from operating activities		98,240	60,702
Cash flow on investing activities			
Purchase of tangible assets		(253)	(474)
Proceeds from sale of tangible fixed assets		396	-
Purchase of intangible assets		(145,851)	(94,861)
Proceeds from sale of intangible fixed assets		2,401	-
Reclassification		348	-
Net cash used in investing activities		(142,959)	(95,335)
Cash flow from financing activities			
Share Buy-back		-	(304,256)
Increase in Senior Finance Loan		90,458	360,739
Interest on Finance Loan		(30,216)	(484)
Decrease in Finance Loan		(375)	(20)
Dividends paid		(14,000)	(16,789)
Net cash from in financing activities		45,867	39,190
Net increase in cash and cash equivalents in the year	17	1,148	4,557
Cash and cash equivalents at the beginning of the year		22,700	18,143
Cash and cash equivalents at the end of the year		23,848	22,700

True Potential Group Limited

Statement of accounting policies

General Information

True Potential Group Limited ('the Company') and its subsidiaries (together 'the Group') provide financial advisory and investment management services, and support services to 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.

Statement of compliance

The Group and individual financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard' applicable in the United Kingdom and the Companies Act 2006. The accounting policies have been applied consistently.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The principal accounting policies, which have been applied consistently throughout the year are set out below. The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

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 liability position however there are sufficient cash resources and other financing facilities available. Management have 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 and the level of debt held by the group. The forecasts positively show significant headroom to covenant compliance and 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.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 December 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the

True Potential Group Limited

Statement of accounting policies (continued)

voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Accounting policies have been applied consistently across the group.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

Turnover

Group turnover represents fees earned in respect of work carried out in the year in the ordinary course of business.

True Potential Adviser Services

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

True Potential Wealth Management

Turnover represents fees earned from restricted wealth management advice proposition. Turnover is recognised on an accruals basis and arises fully within the UK.

True Potential Investment

Turnover represents fees earned from provision of a wealth platform and investment funds provider. Turnover is recognised on an accruals basis and arises fully within the UK. The performance fee is recognised on a receivable basis, when the amount can be reliably measured and it is probable that future economic benefits will flow.

Performance fee

Revenue is measured at the fair value of the consideration receivable and represents the amount receivable for the performance fee attributable to the True Potential Growth Aligned Fund Range. The performance fee becomes payable if the unit price of the fund is above the high watermark, with the high watermark measured as the highest unit price at each previous 30th April. The performance fee is calculated as 10% of the fund unit price growth above the high watermark, any performance fee payable is accrued at a fund level on a daily basis.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation through the profit and loss account over 10 years on a straight-line basis, which is the presumed useful economic life of goodwill under FRS 102.

True Potential Group Limited

Statement of accounting policies (continued)

Goodwill (continued)

The brand value recognised at acquisition is held at an initial fair value at acquisition, which has been calculated using the royalty relief method. In line with the requirements of FRS 102 this fair value is accounted for as the deemed cost of the brand. The True Potential brand is considered to have a useful life of ten years and is being amortised over this period.

Positive goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is deemed to be ten years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or charges in circumstances indicate that the carrying value may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written-off to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less estimated realisable value by annual instalments over their expected useful lives. The rates applicable on a straight line basis are as follows:

Fixtures, fittings and equipment	10% - 33.3%
Short leasehold buildings	length of lease

Pension scheme

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets less estimated realisable value by annual instalments over their expected useful lives. The rates applicable on a straight line basis are as follows:

Deferred Acquisition Costs	10%
Software Licences	10%

Customer relationships - Amortisation is charged on an annual straight line basis over a period 20 years. Regular impairment reviews are carried out on the realisable value.

Other intangibles - Amortisation on the group re-financing costs is charged on an annual straight line basis over the term of the loans.

Platform and other developments are amortised on an annual straight line basis over a period of 10 years. Regular impairment reviews are carried out on the realisable value.

True Potential Group Limited

Statement of accounting policies (continued)

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 (a) 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.

(iii) *Investment*

From the year-end 2019 True Potential Group Limited values its investments on a fair value basis, permitted under FRS102 para 9.26 and this has resulted in the financial statements providing reliable and more relevant information to the users of the financial statements.

The assessment of fair value is based on a directors' valuation. For the year ending 31 December 2020, a fair value has been established as £913,375,000. This results in a FV movement of £130,978,521 through the profit and loss of True Potential Group Limited. Consideration has been given to the valuation methodology; market multiples, comparisons and metrics; and the normalised EBITDA position.

The primary valuation method of EV/EBITDA (enterprise value/ earnings before interest, taxes, depreciation and amortisation) has been considered against other valuation approaches. It has been considered the most appropriate valuation method given the structure of the business and with context to the business sector. Consideration has been given to the multiple used and the observable transaction in October 2019 (FTV share buy-back) provides support to the EBITDA multiple applied. Analysis has also been undertaken, comparing this against comparable listed firms in the industry. Any changes to this the methodology would have a material impact on the balances recognised in the True Potential Group Limited financial statements. An increase in the EBITDA multiple by 5% would have a £68.6m impact on the fair value assessment at 31 December 2020. The directors agree that the approach and valuation is appropriate.

The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future. The appropriateness of this valuation will be further assessed as at 31 December 2021.

True Potential Group Limited

Statement of accounting policies (continued)

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 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.

The key estimates in preparing these financial statements are:

i. Carrying value of intangibles

Intangible assets represent the value of the customer relationships purchased by the firm. In calculating the value of the intangible asset to be capitalised a conversion rate has been calculated based on a historical average conversion observed on transactions completed by the year end date. Conversion rates are adjusted to reflect updated actual experience at each reporting date and at the date of completion of the purchase. Intangible asset balances are stated at cost less accumulated amortisation, where management determine their best estimate of the expected future value of the asset.

Intangible assets are reviewed annually for impairment by the company. The potential impairment is calculated as the expected future cashflows less the carrying value of the intangible asset at the reporting date. Management are comfortable with the carrying value of intangible assets supported by the future benefits of the client relationship.

True Potential Group Limited

Statement of accounting policies (continued)

Critical accounting judgements and estimation uncertainty (continued)

ii. Useful economic life

Intangible assets are amortised over their expected useful life. Future results are impacted by the amortisation periods adopted, and potentially, may differ between expected and actual circumstances.

Management have considered the wider market and analysed the expected length of the client relationship when determining the useful economic life.

iii. Carrying value of investments

Investments values are reviewed annually for impairment by the company. The investment value is calculated as the expected future cashflows.

iv. Debtors due after more than one year

Debtors due after more than one year represent the value of loans advanced to new True Potential Wealth Management advisers based on the value of assets transferred, recognised at transaction cost. Management closely monitors the recoverability of these loans and consider the risk of default on repayment to be very low. The loans are only advanced as the assets are transferred and management has comfort over the value of asset received to support the loan payments. Robust compliance monitoring of the adviser is in place to ensure that the advisers are fit and proper to continue to provide advice and service to clients. Management will continue to monitor the recoverability of the loans closely. Where the amount of debtors due after more than one year is so material in the context of the total net current assets, it is disclosed on the face of the statement of financial position to prevent misinterpretation.

v. Performance fee

The performance fee accrued within the funds and included in turnover as at 31 December 2020 was £9,376,313, this revenue has been recognized on the basis that it is probable that future economic benefits will flow to the entity. The weighted average unit price at the 31 December 2020 was 111.10 against a weighted average high watermark of 100.67, giving headroom of 10.36% above the high watermark. As of the 24 February 2021 the weighted average unit price is 111.30, giving headroom of 10.55% above the high watermark. The sensitivity of the performance fee has been analysed, if the unit price moved by 5% at 31 December 2020 this would result in a £4.7m impact on the performance accrued.

The performance fee continues to accrue on a daily basis and the fund unit prices will be measured against the high watermark on the 30 April 2021. The performance fee payable will be paid in cash in May 2021. If at the 30 April the fund price falls below the high watermark, then no performance fee is payable to True Potential Investments LLP. The performance fee recognised has been reviewed post year-end for any material changes.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020

1 Turnover

Turnover represents fees earned in respect of the financial services activities of the group. Turnover is attributable to the group's continuing principal activity and arose wholly within the United Kingdom. The turnover recognised in the year splits by class as follows:

	2020	2019
	£'000	£'000
Provision of financial services	184,901	144,923

True Potential Adviser Services

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

True Potential Wealth Management

Turnover represents fees earned from restricted wealth management advice proposition. Turnover is recognised on an accruals basis and arises fully within the UK.

True Potential Investment

Turnover represents fees earned from provision of a wealth platform and investment funds provider. Turnover is recognised on an accruals basis and arises fully within the UK. The Performance fee has been recognised on an accruals basis and that it is probable that future economic benefits will flow to the entity.

2 Staff costs

The monthly average number of employees during the year was:

	2020	2019
	Number	Number
Management and administration	305	261

	2020	2019
Staff costs:	£'000	£'000
Wages and salaries	11,452	11,804
Social security costs	1,359	1,311
Other pension costs	258	173
	13,069	13,288

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Staff costs (continued)

Amounts paid to directors of the group during the year were as follows:

	2020	2019
	£'000	£'000
Aggregate emoluments	3,930	4,669

No emoluments were paid by the Company.

The amounts in respect of the highest paid director are as follows:

	2020	2019
	£'000	£'000
Emoluments	1,400	1,373

3 Operating profit

This is stated after charging:

	2020	2019
	£'000	£'000
Depreciation of owned fixed assets	523	619
Amortisation of intangible assets	7,490	2,275
Amortisation of goodwill and brand	15,427	15,427
Auditors' remuneration - audit of group financial statements	100	58
- non-audit – taxation services	27	20
- other assurance services	138	132
Operating lease rentals - land and buildings	525	938

4 Interest payable and similar charges

	2020	2019
	£'000	£'000
Interest payable on borrowings	31,066	6,386

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the parent company profit and loss account has not been included in these financial statements. The parent company loss for the financial year 2020 was £141,189,967 (2019: £18,401,649).

6 Tax on profit

(a) Analysis of charge in year

	2020	2019
	£'000	£'000
<hr/>		
<i>Current tax:</i>		
UK corporation tax	7,540	7,428
<hr/>		
Total current tax (note 6(b))		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(980)	13,510
Adjustments in respect of prior periods	(13,597)	1
Change in tax rates or laws	750	(1,422)
<hr/>		
Total deferred tax	(13,827)	12,089
<hr/>		
Tax on profit	(6,287)	19,517
<hr/>		

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Tax on profit (continued)

(b) 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% (2019: 19%). The differences are reconciled below:

	2020	2019
	£'000	£'000
Profit before tax	19,517	21,906
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	3,708	4,162
Effects of:		
Disallowed expenses and non-taxable income	133	13
Goodwill amortisation	-	-
Adjustments in respect of prior periods	(13,711)	1
Tax rate changes	750	-
Movement on intangibles	2,833	15,341
Brand amortisation	-	-
Total tax (credit)/charge for the year (note 6(a))	(6,287)	19,517

(c) Factors affecting future tax charge

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Deferred tax

Deferred taxation liability in respect of timing differences are as follows:

	2020	2019
	£'000	£'000
Fixed asset timing difference	6,194	20,020
Total	6,194	20,020
Movement in deferred tax liability during the year	£'000	£'000
At 1 January 2020	20,020	7,931
Deferred tax (credited)/charged to profit and loss account (note 6)	(13,826)	12,089
At 31 December 2020	6,194	20,020

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Intangible assets

Group	Goodwill £'000	Brand £'000	Customer relationships £'000	Other intangibles £'000	Total £'000
Cost					
At 1 January 2020	103,397	50,500	82,858	23,347	260,102
Additions	-	-	140,143	5,708	145,851
Disposals	-	-	(1,092)	(1,309)	(2,401)
Reclassification	-	-	(348)	-	(348)
At 31 December 2020	103,397	50,500	221,561	27,746	403,204
Accumulated amortisation					
At 1 January 2020	35,082	17,254	1,569	2,209	56,114
Charge for the year	10,377	5,050	4,242	3,248	22,917
At 31 December 2020	45,459	22,304	5,811	5,457	79,031
Net book value					
At 31 December 2020	57,938	28,196	215,750	22,289	324,173
At 31 December 2019	68,315	33,246	81,289	21,138	203,988

Other intangibles represent the value of capitalised costs relating to re-financing of the group finance facilities, development of the platform and other project developments.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Intangible assets (continued)

Company	Other intangibles £'000	Total £'000
Cost		
At 1 January 2020	17,494	17,494
Additions	2,837	2,837
Disposals	(1,310)	(1,310)
At 31 December 2020	19,021	19,021
Accumulated amortisation		
At 1 January 2020	438	438
Charge for the year	2,562	2,562
At 31 December 2020	3,000	3,000
Net book value		
At 31 December 2020	16,021	16,021
At 31 December 2019	17,056	17,056

Other intangibles represent costs capitalised relating to the share buy-back.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Tangible assets

Group	Fixtures, fittings and equipment £'000	Short Leasehold Buildings £'000	Total £'000
Cost			
At 1 January 2020	5,348	77	5,425
Additions	253	-	253
Disposals	(396)	-	(396)
At 31 December 2020	5,205	77	5,282
Accumulated depreciation			
At 1 January 2020	3,085	66	3,151
Charged during the year	517	6	523
At 31 December 2020	3,602	72	3,674
Net book value			
At 31 December 2020	1,603	5	1,608
At 31 December 2019	2,263	11	2,274

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investment

Company	Subsidiary undertakings
	£'000
Fair value	
At 1 January 2020	1,006,756
Capital contribution	37,616
Profit and Loss movement	(130,979)
Revaluation Reserve Account	(18)
31 December 2020	913,375

From the year-end 2019 True Potential Group Ltd values its investments on a fair value basis, permitted under FRS102 para 9.26 and has resulted in the financial statements providing reliable and more relevant information to the users of the financial statements

The assessment of fair value is based on a directors' valuation. For the year ending 31 December 2020, a fair value has been established as £913,375,000. This results in a FV revaluation of £130,978,521 through the profit and loss of True Potential Group Ltd. Consideration has been given to the valuation methodology; market multiples, comparisons and metrics; and the normalised EBITDA position.

The primary valuation method of EV/EBITDA has been considered against other valuation approaches. It has been considered the most appropriate valuation method given the structure of the business and with context to the business sector. Consideration has been given to the multiple used, the observable transaction in October 2019 (FTV share buy-back) provides support to the EBITDA multiple applied. Analysis has also been undertaken, comparing this against comparable listed firms in the industry. Any changes to this the methodology would have a material impact on the balances recognised in the True Potential Group Ltd financial statements. The directors agree that the approach and valuation is appropriate.

The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future. The appropriateness of this valuation will be further assessed as at 31 December 2021.

All profits for True Potential LLP for the year are allocated to True Potential Group Limited. A capital contribution has been made to reinvest the profits back into the subsidiaries. The directors believe the carrying value of the investments is supported by their underlying future cashflows.

Details of investments in which the company holds 20% or more of the nominal value of any class of share or partnership capital are as follows. Unless stated otherwise the registered address of each company is the same as that of the parent company:

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investment (continued)

Subsidiary undertakings	Proportion of ordinary shares held	Nature of business
True Potential LLP	100%	Holding firm
True Potential Holdings Limited	100%	Dormant company
True Potential Adviser Services LLP	100%	Provision of services to financial services distribution firms
True Potential Investments LLP	100%	Investment management firm
True Potential Wealth Management LLP	100%	Wealth Management Firm
True Potential Trustee Company Limited	100%	Pension Trustee
True Potential Administration LLP	100%	Authorised Corporate Director
Trem Holdings Limited	100%	Holding Firm
C&S Wealth Management Limited	100%	Holding Firm

Trem Holdings Limited and C&S Wealth Management Limited are held indirectly.

The directors believe the carrying value of the investments is supported by their underlying net assets.

Trem Holdings Limited net assets at 31 December 2020 were £222 (2019 : £222).

C&S Wealth Management Limited net assets at 31 December 2020 were £1,500,199 (2019: £1,500,199).

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Debtors: Amounts falling due after more than one year

	Group	Group
	2020	2019
	£'000	£'000
Debtors: due after more than one year	5,919	-

Debtors due after more than one year represent the value of a loans issued to True Potential Wealth Management advisers to increase customer relationships.

12 Debtors: Amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other debtors	30,658	26,961	1,600	-
Prepayments and accrued income	3,119	2,254	102	181
	33,777	29,215	1,702	181

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade creditors	2,775	1,392	36	-
Amounts owed to group undertakings	-	-	458,424	432,289
Other taxation and social security	2,703	4,459	1,163	2,962
Deferred tax	769	998	-	-
Pension contributions	52	51	-	-
Other creditors	80,955	37,552	-	-
Finance loan	109	441	-	-
Accruals and deferred income	9,141	9,085	-	-
	96,504	53,978	459,623	435,251

Amounts owed to group companies are unsecured, non-interest bearing and repayable on demand.

Other creditors contain amounts payable in relation to intangible assets recognised as the increase in customer relationships.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Creditors: amounts falling due after more than one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Finance loan	190	233	-	-
Revolving Credit Facility	30,000	20,612	-	-
Acquisition loan facility	428,000	346,930	-	-
Deferred tax liability	5,425	19,022	-	-
	463,615	386,797	-	-

The finance loan is repayable in quarterly instalments over a period of 4 years.

Super Senior Loans

The Group's financing facility includes a super senior loan of £33,400,000 (2019: £33,400,000). The super senior loan accrues interest monthly at LIBOR plus 3% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The super senior loans are due for repayment in full in 2026, they are secured by a charge over the Group's assets.

Senior Loans

The Group's financing facility includes senior loans of £394,600,000 (2019: £313,530,000). All senior loans accrue interest monthly at LIBOR plus 7.167% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The senior loans are due for repayment in full in 2026, they are secured by a charge over the Group's assets.

Revolving Credit Facility

The Group's financing facility also includes a revolving credit facility of £30,000,000 (2019: £20,611,684). The revolving credit facility accrues interest monthly at LIBOR plus 3% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The revolving credit facility is due for repayment in full in 2026, it is secured by a charge over the Group's assets.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Called up share capital

Group and Company

	2020	2019
	£'000	£'000
Authorised		
Ordinary shares of £0.00001 each	26	26
A preferred shares of £0.00001 each	-	-
Total	26	26
Allotted, called up and fully paid		
Ordinary shares of £0.00001 each	26	26
A preferred shares of £0.00001 each	-	-
Total	26	26

16 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2020	2019
	£'000	£'000
Profit for the year	25,804	2,389
Tax on profit	(6,287)	19,517
Net interest expense	31,066	6,386
Operating profit	50,583	28,292
Depreciation	523	619
Amortisation	22,917	17,702
Increase in debtors	(10,482)	(10,302)
Increase in creditors	44,036	31,404
Net cash inflow from operating activities	107,577	67,715

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

17 Analysis of net funds

Analysis of changes in net funds

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Cash at bank and in hand	22,700	1,148	23,848
Net funds	22,700	1,148	23,848

18 Operating lease commitments

At 31 December the group had total annual commitments under non-cancellable operating leases expiring as follows:

	2020 £'000	2019 £'000
Within one year	450	576
Within two to five years	1,714	1,696
After five years	468	791
Total	2,632	3,063

19 Dividends

Dividends paid during the year

	2020 £'000	2019 £'000
Equity – ordinary		
Interim paid £0.00543 pence (2019: £0.00430) per £0.00001 share	14,000	12,045
Interim paid £nil pence (2019: £0.00399) per £0.00001 share	-	4,744
Total	14,000	16,789

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 Related party transactions

The company has taken advantage of the exemption in FRS 102 para 33 'Related party disclosures' not to disclose transactions with other members of the Group headed by True Potential Group Limited. There were no other related party transactions in the year (2019: none).

21 Ultimate controlling party

In the opinion of the board there is no single controlling party of the company.