

TRUE COLOURS

2013 Annual Report.

Step inside our business, look behind the scenes, and see what makes us tick. As you explore, you'll find our true character and personality. We hope you'll gain an insight into why we're the UK's most innovative financial and technology services group.

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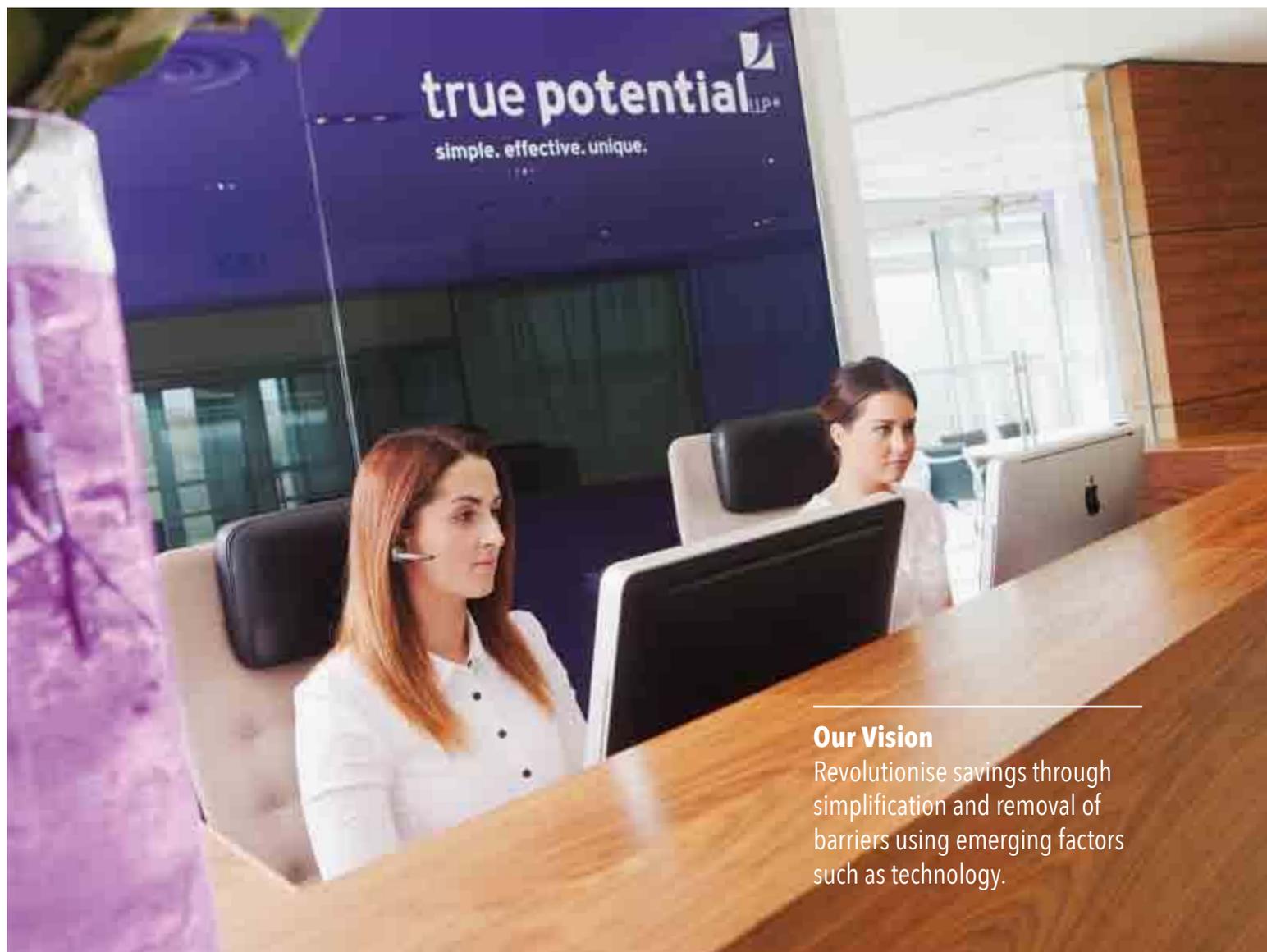
TRUE STORY





ABOUT US

Headquartered in Newcastle upon Tyne, we are one of the fastest growing and most innovative financial and technology services groups in the UK. We provide a range of services for financial advisers and end customers with the overall objective of making it easier for end customers to make adequate financial provision for their future well-being.



Our Vision

Revolutionise savings through simplification and removal of barriers using emerging factors such as technology.

What do we think?

2013 was a pivotal and highly successful year for the True Potential Group; it was a year in which the investment in innovations and subsequent strategies employed over previous years began to flow through into obvious and measurable financial benefits.

This has placed us on an even stronger footing, confidently looking to the future, and ready to build on some key milestones:

- We are one of the fastest growing and most profitable technology and financial services firms in the UK;
- We are debt-free, and cash positive; True Potential LLP is 100 per cent owned by its partners;
- We intend to democratise finance using technology and scale to bring benefits to all our clients whilst delivering very significant profits.

The UK has one of the poorest savings rates of all developed economies, resulting in a growing “savings gap” – the difference between what people need to save for retirement, and what they actually are saving. True Potential feel this is understandable and is a direct result of misguided government policy, the over-regulation of savings and investment, and under-regulation of borrowing. People are encouraged to borrow, and discouraged to save, primarily because of over-complicated products that are caught in a net of regulatory disclaimers and uncertainty.

Manufacturers and advisers are, at any time, uncertain as to exactly what the regulator wants so they provide warning signs all over any documentation and micro manage the selling process. As a result, it is hugely difficult and costly to invest or move your investments.

For the last 6 years True Potential has campaigned for change. We have asked that complexity be removed. We firmly believe that, rather than regulate the activities of thousands of advisers, the regulator should instead pay much closer attention to the products that are being sold in the first place. We have gone further and (prior to this year’s Budget) suggested that pensions should be scrapped (unless they can be simplified) and replaced by a “super ISA” with a limit of £25,000 per annum.

People need to take responsibility for their own money, their own futures. We have provided simple but quantified comparisons. If you bought a car 20 years ago, you would definitely get a better car and deal now. If you bought some of the Investment Bonds in the market now you would possibly get a worse deal than 20 years ago.

Innovation in financial services has been stifled. No-one regulates what a car dealer gets up to – the car itself has some regulations around it, primarily about safety and emissions, unlike in financial services you are not charged for advice on how to buy a car. That would be ridiculous. And so, in the absence of that type of silly and impossible regulation, the car market has flourished and improved the product to the end client.



Fast growing



Debt-free



Owned by partners



We have long wished for a time when an enlightened Chancellor could, with a stroke of his pen, simplify and free our savings market. Something like that has just occurred in the 2014 Budget. Allowing people access to their own money at retirement is actually in the UK, revolutionary. What it really signals is a dispensation of the red tape and unnecessary bureaucracy that has put a generation of people off pensions investment as the primary and best way to save for retirement. So we believe the recent changes relating to ISAs and pensions announced in the 2014 Budget are of great significance and will encourage people to make better provision for their long-term financial well-being. Hopefully it is the beginning of the end of nanny state regulation.

It is also one of the best things that could happen to a company such as True Potential, directly in line with our philosophy and our unique goal-based technology platform. We already had

plans to bring to market a range of products and funds that match the aspirations of the UK investor. We have our own ISA, with no charge for the tax treatment. The same of our own personal pension – no charge for the tax treatment, or tax wrapper.

Our goal-based technology will allow clients to set goals for their retirement (or any future event, including repaying a mortgage for example), and track their progress against that goal, daily.

And if they are falling short they can, with one click, close that gap by putting more money in. We call this process ImpulseSave®. It is the antithesis of the impulsive borrowing of the payday loan movement that is belatedly getting attention. It is proving to be just as compulsive – for once putting money into you, into your goals, based on information about you. At retirement we can see a whole range of new funds being provided

that mirror real life – some days you will need more money, some days you won't, but you will be able to see the effect of your own actions on your savings, instantly.

Against this background we see the role of the adviser becoming important at different stages in a client's life, but importantly they will empower their clients through the tools they give to them. Those tools won't replace a good and trusted adviser, but the combination of easy web based customer access to their up-to-date financial position and the ability to monitor and amend their financial planning easily will enhance the services that adviser can bring to the relationship.

In summary, we probably could not be better placed to continue our wish to revolutionise the way UK consumers can benefit from financial services.



COMPANY STRUCTURE

In 2013, the three separate operating firms, True Potential Adviser Services LLP (TPAS), True Potential Wealth Management LLP (TPWM), and True Potential Investments LLP (TPI) were incorporated into a group structure. True Potential LLP now owns 100 per cent of each of them.



True Potential Investments LLP:

- FCA-regulated platform operator;
- Launched the True Potential Wealth Platform in 2011;
- Objective of the Wealth Platform is to attract and hold investment funds from the distribution sources within the True Potential Group;
- Over 16,000 products available on the Wealth Platform including a range of strategy funds run by our partners SEI, Close Brothers, Seven Investment Management, Allianz Global Investors, Schroders, Threadneedle and Goldman Sachs (exclusive to True Potential Investments);
- Launched True Potential Investor in March 2014 to sell investment funds direct to the end client.

True Potential Wealth Management LLP & True Potential Associate Partners Ltd.

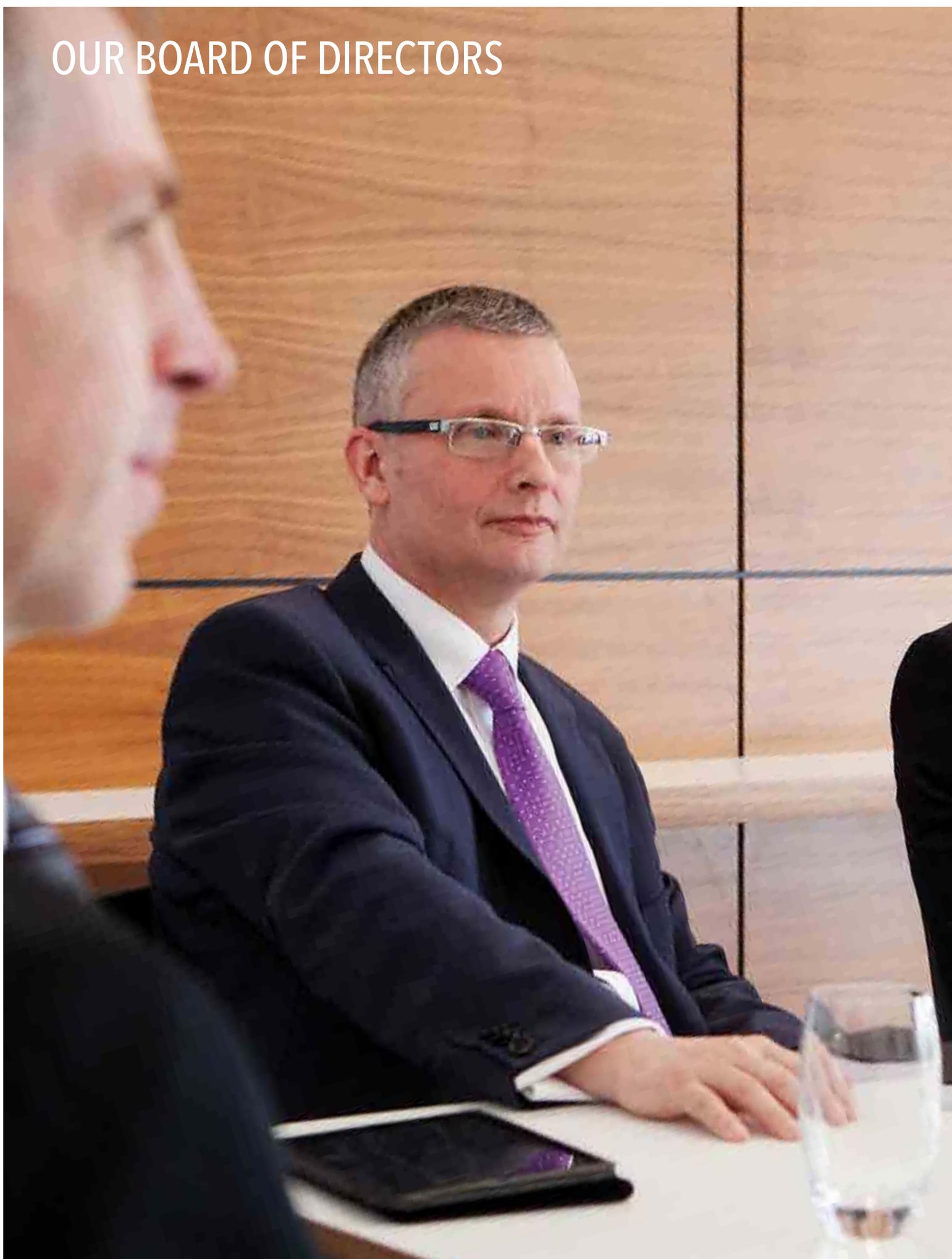
- FCA-regulated financial advisory businesses;
- Serve private clients throughout the UK;
- True Potential Wealth Management was set up in 2010 to increase, control and focus sales into the True Potential Wealth Platform;
- True Potential Associate Partners was launched in January 2014 for those advisers who wish to come under the regulatory control of True Potential Wealth Management but retain their own firm's brand;
- Currently there are in excess of 425 advisers across True Potential Wealth Management and True Potential Associate Partners and this is expected to grow significantly.

True Potential Adviser Services LLP:

- The original business within the True Potential Group;
- Formed in 2007 to attract IFA firms to use True Potential's back office, IT and compliance services, in return for a share of the revenue;
- Currently over 22% of UK financial advisers are registered users of the system;
- True Potential Adviser Services clients are regulated in their own right and are ultimately responsible for their own compliance;
- In 2013, turnover for the firm was £204m (gross fees and commission).



OUR BOARD OF DIRECTORS





OUR BOARD OF DIRECTORS

David Harrison

Managing Partner, True Potential LLP



In 1997, he founded financial services firm Positive Solutions and grew the business to be the largest in the country representing 1,900 independent financial advisers (IFAs), with a turnover of £114m and profits in excess of £1m a month. In 2007, David became managing partner of Newcastle-based financial services group True Potential LLP, which had a turnover of £27.5 million in 2013 and currently employs 158 staff and Partners.

He oversees the strategic and key business decision areas for the group and is a crusader for technological advances in financial services. His vision is to foster a nation of committed, interested savers who watch market-moving events on television news and then turn on their mobile device to get real-time information on the value of their portfolio. He also believes in the value of 'impulse saving' and the ability to access your savings and investments in a way that suits your lifestyle. This has led to the development of True Potential Investor where savings can be viewed in the palm of your hand using a mobile device.

Harrison invests a lot in technology, chiefly by hiring clever developers from the three world-class universities on his doorstep. He currently has 22, most of them joining the company while still students. He is also keen to preach the virtue of saving to the young.

Daniel Harrison

Senior Partner, True Potential LLP



Daniel began his career as technology co-ordinator at financial services firm Positive Solutions where he provided first line technical support to independent financial advisers (IFAs). Progressing to development, Daniel helped build some of the innovative tools that saw Positive Solutions routinely pick up technology awards.

With his technology background in place, he was then appointed Head of Marketing at Positive Solutions. Reporting directly to the board, Daniel helped build end-client communications and worked with the recruitment team to help grow Positive Solutions to be the largest firm of its kind.

After eight years in the industry, he helped found True Potential LLP as a senior partner. Initially heading up the company's marketing and technology development teams, Daniel was tasked with helping to design, build and market an offer and technologies that maintain the reputation for innovation that the company enjoys.

Being a part of an entrepreneurial organisation like True Potential has meant that Daniel has broadened his role further in the past 6 years. In addition to continuing to chair the technology board, he has been in charge of delivering a service proposition to more than 4,000 financial advisers and has worked as head of operations within True

Potential Wealth Management, helping shape regulatory and process decisions for both advisers and the end-client. As the head of the company's award-winning platform that is used by financial advisers and their clients to manage investments in a single location, Daniel has been instrumental in guiding the development of True Potential Investor. He believes that technology, through its accessibility and ease of use, can provide the answer to addressing the savings crisis in the UK by creating a more engaging way to save and then track your portfolio and goals.

OUR BOARD OF DIRECTORS

Neil Johnson

Senior Partner, True Potential LLP



Neil has responsibility for financial and legal governance of the True Potential group of companies.

Neil graduated from King's College, Cambridge University and started his career with 'Big Four' accountancy firm PricewaterhouseCoopers.

There he spent eight years at Group Manager Status and qualified as a Chartered Accountant in 1990. He moved into the financial services industry in 1995 and joined Positive Solutions in 2000 as Finance Director.

He was promoted to Chief Operating Officer in 2003 and then to Chief Executive Officer in 2006. He left Positive Solutions in 2007 to set up True Potential and has played a key role in helping the firm to become one of the financial industry's success stories.

During a challenging time for the financial services industry, Neil has ensured that True Potential has maintained a strong position, with an emphasis on developing an increasingly profitable business model.

As a testament to his efforts, True Potential LLP was one of the just 74 UK companies to be named in Deloitte's Technology Fast 500 EMEA for 2013.

This recognition is given to the fastest growing technology businesses in Europe, Middle East and Africa.

Neil is a fellow of The Institute of Chartered Accountants in England and Wales (ICAEW).

Mark Henderson

Senior Partner, True Potential LLP



Mark began his financial services career in private banking with Lloyds, covering investment management and executor and trustee work in the north of England and Scotland. He then moved to Merrill Lynch's International Private Client Division before joining Positive Solutions where he held the position of Director of Wealth Management, prior to the formation of True Potential.

Mark is one of the founding partners of True Potential LLP, initially heading up provider relations. In this role, he was responsible for gaining industry wide agreements that enabled the firm to build technology links for evaluations, electronic payments and commission statements.

Instrumental in building the True Potential Wealth Platform, launched in March 2011, Mark has been responsible for enhancing the platform's product range which now covers ISAs, GIAs, Pensions and Investment Bonds (both onshore and offshore).

He has also been the key driver in the development of the True Potential strategy fund range and the continued evolution of the wealth platform in terms of product and fund range and attractiveness to both advisers and clients.

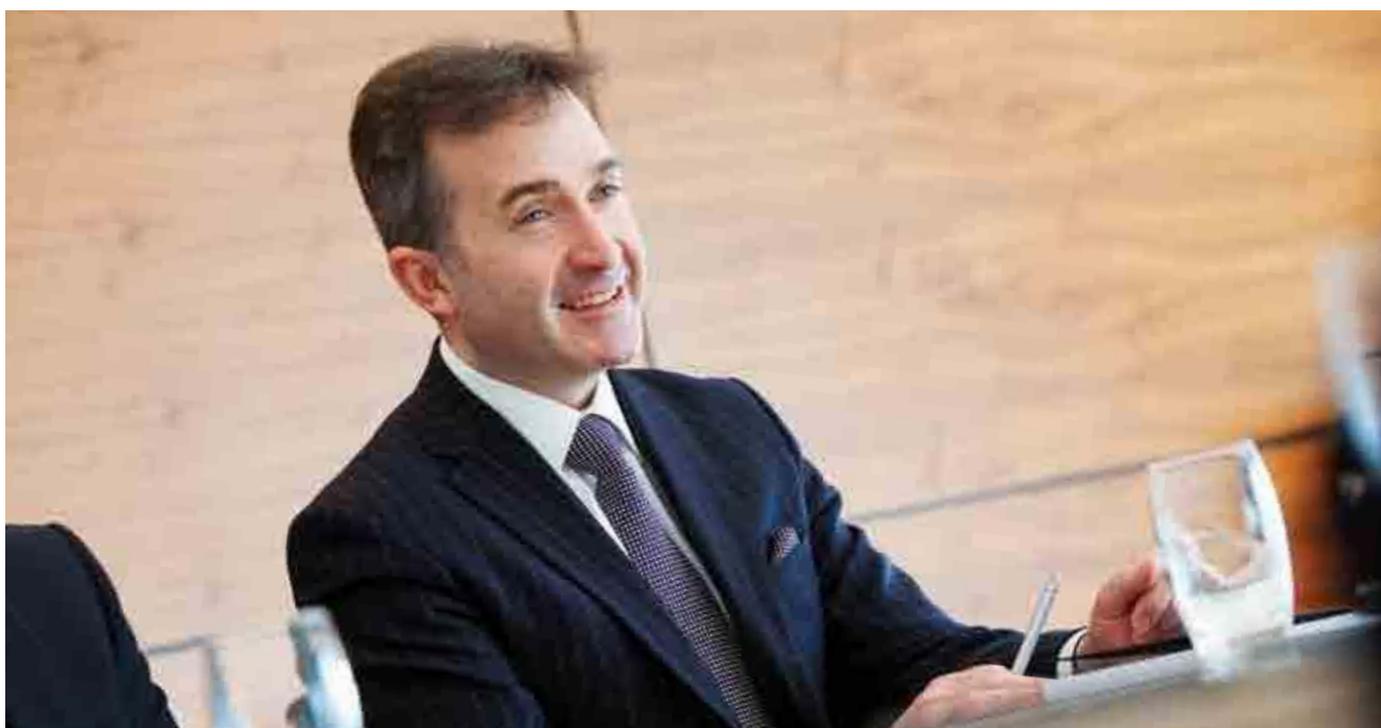
Most recently, Mark launched two new Goldman Sachs Institutional funds.

These are a first of their kind for retail investors, often reserved for ultra high net worth and institutional clients, and available only to True Potential clients. In addition, he helped develop one of the first free pension wrappers in the UK, the True Potential Pension.

OUR BOARD OF DIRECTORS

Earl Glasgow

Senior Partner, True Potential LLP



Earl brings 27 years of financial services experience to the True Potential Group. He began his financial services career with Prudential in 1987. During his tenure with the company, he quickly moved up the ranks from Financial Adviser to hold management positions within sales, marketing and training.

In 2002, he joined Positive Solutions as a Business Consultant. Here he had responsibility for building the IFA business in Northern Ireland. He successfully managed to grow the team from a standing start to over 100 advisers. Based on these results, he was appointed Head of Recruitment in 2005 before joining True Potential

as one of the founding partners and Head of Recruitment in 2007.

With a proven track record in building distribution from the ground up, Earl's key responsibility within the newly-formed company was to recruit directly authorised firms into True Potential Adviser Services. Through his efforts and those of his team, there are now over 800 adviser firms using True Potential's technology and support services. This equates to 22% of the overall IFA market.

Expanding on the success of True Potential Adviser Services, Earl was instrumental in setting up a new distribution channel in 2012, True Potential Wealth Management.

Based on his previous experience as a Financial Adviser, he understands what it takes to be successful in today's market. He is currently the Managing Partner for the firm and through his vision and drive to incorporate technology into the sales process, so that better outcomes for clients and efficiencies for advisers can be achieved, True Potential Wealth Management has grown to over 425 Wealth Management Partners in less than 2 years. The firm also had an annual turnover for 2013 of £26m and was recently awarded 'Best Use of Technology by an Adviser' at the 2014 Money Marketing Awards.

Earl is also an Associate of the Personal Finance Society.

George Peebles

Non Executive Partner
True Potential LLP



George is an experienced finance professional and has specialised in the financial services sector for over 15 years. He has worked in corporate finance roles with a major accountancy practice and latterly as Development Director of a major UK life and pensions business.

He is a qualified Chartered Accountant and also holds a law degree.

He joined the True Potential Board as a Non-Executive Partner in 2012 providing oversight on the Group's activities with emphasis on the commercial, financial and risk aspects.

Mike Edwards

Non Executive Partner
True Potential LLP



Mike has over 40 years experience in the Financial Services industry working with firms at a regional and national director level, including Hambro Life and Positive Solutions.

His expertise is in Sales, Marketing and Advisory Management.

Having joined the True Potential Board as a Non-Executive Partner in 2012, he currently provides oversight for the Group's Sales and Recruitment Activities.

Laurie Edmans

Non Executive Partner
True Potential LLP



Laurie joined the True Potential Board in March 2014.

He currently holds several non executive roles within the financial services industry including non executive chairman of Marine and General Mutual; chairman of the Trinity Mirror Pension Plan and of B Different Ltd; and non executive director of the Money Advice Service.

He was a trustee of NEST from inception until 31 March 2014, and a non-executive director of the Pensions Regulator until June 2010. He chaired the ABI's pensions and savings committee for 8 years. He is on the council of the Pensions Policy Institute.

During his executive career he was corporate development director of AEGON UK and deputy chief executive of NPI.

Laurie is a fellow of the Chartered Insurance Institute and of the Pensions Management Institute, and received the CBE for services to pensions reform in 2006.

OUR KEY PERFORMANCE
INDICATORS FOR THE GROUP

2

7

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5.6

**THE GROUP HAS REVEALED A TURNOVER OF £27.5M,
AN INCREASE OF 112% ON THE PREVIOUS YEAR**



**AND NET PROFIT OF
£5.3M - 47% UP ON 2012.**



Recognition received in
2013 for True Potential
group of companies:

- 'Deloitte Technology Fast 500 EMEA'
- Aberdeen UK Platform Awards 'Leading Integrated Planning Tool'
- The Platform's 'Best Adviser Platform'
- Money Marketing's 'Best Support Service'

A large, white, sans-serif number '18,300' is centered on a grey background. The number is stylized with a blue pen nib graphic on the left side of the '1' and a small white square at the bottom of the comma. The pen nib is blue with a white tip and a black outline, pointing upwards and to the right. The number '18,300' is written in a clean, modern font.

**18,300 PROFESSIONAL USERS OF
TRUE POTENTIAL TECHNOLOGY**
(AS OF 31 DECEMBER 2013)

newwww.

**LAUNCHED NEW BRAND AND
WEBSITE: WWW.TPLLP.COM**

**ADMINISTRATORS OF OVER
£88BN IN CLIENT ASSETS**
(AS OF 31 DECEMBER 2013)



89
88
87
86
85



1,000

**1,000+ DELEGATES AT
ANNUAL ADVISER CONFERENCE**

30

**ADDITIONAL
HEAD OFFICE
STAFF AT NEW,
STATE-OF-THE-
ART PREMISES**



TRUE LEADERS



SHIP



2013 has been a great year for the True Potential. In this section you'll see an overview of how our firm has performed against its strategy in the past year, and we'll outline our position on a number of important issues.

True Potential LLP's Senior Partners respond to frequently asked questions

How has True Potential grown over the past six years?

In a word, dramatically. Our ethos is one of speed. Our thinking and free management structure allow us to act in an agile fashion. We can think of an idea and begin putting it into action the same day. Our ideas are not only put into action quickly, because we have our own technology development department, almost all of which are partners in the firm, we can also 'wire' them into our processes. If it works, fine, if it doesn't we change it.

Our strategy has been to build large-scale distribution by providing our distribution partners, a mixture of directly authorised adviser firms and our own Wealth Management Partners with the tools they need to make good advice profitable. This is much more than technology. For many it is helping them gain authorisation with the regulator. For most, we complete their bi-annual returns to the FCA, a time-consuming and demanding task, where accuracy and promptness are key requirements. We collect over £200m of fees and commissions and pay them into every individual bank account, in every case on the same day we receive that money. Incidentally that money arrives in thousands of different payments, from hundreds of different sources, in a range of different formats.

Working with our distribution partners, we have extended the technology platform they use – the only single fully integrated platform of its type in the UK – into their clients' mobile devices

and homes through providing every client of every firm their own, unique, web site containing details about the investments and plans they hold with that firm. Therefore, each day, 2.4m sites are updated with investment valuations so clients can see exactly what they are worth, as well as being able to securely communicate with their adviser, instantly. Sitting adjacent to this platform we built the True Potential Wealth Platform. It now holds in excess of £2bn of investments, and provides an unequalled level of functionality and ease to advisers and clients alike – and growing rapidly with the help and feedback of our distribution partners. We have been busy.

What are your plans for future growth?

Let's just pick out one of the things we are doing – we are now authorised to run our own pensions business, the administration of which is run on our existing platform. This opens up huge opportunities for us, especially with the new freedom to allow clients access to their full pension funds at time of retirement (or 55 if earlier). We are truly excited at the potential to build new products for those clients giving performance and value for money that currently does not exist in the market – continuing the revolution. Auto enrolment is an opportunity, not just for pensions, but because of our technology having a dialogue with potentially millions of citizens regarding other needs, such as mortgages, life assurance – the list goes on.



What risks face the industry in 2014 and beyond?

Bureaucracy, red tape. Regulation of the wrong thing and at the wrong level. This all leads to greater costs to the client, and importantly greatly complexity and less transparency.

What recognition have you received for the way in which True Potential has grown?

True Potential is one of only 74 UK companies to appear in the Deloitte Technology Fast 500 EMEA 2013, a ranking of the 500 fastest-growing technology companies across Europe, the Middle East and Africa. Rankings are based on percentage revenue growth over five years.

This recognition shows that we are heading in the right direction and that we are proving to be one of the world's most promising and most forward-thinking companies.

How are you helping to drive the industry forward?

At True Potential we believe we are helping to revolutionise the industry. We don't just use technology to achieve our goals – we are technology. Our provision of client sites puts us at the forefront of how our industry manages and disseminates client information. It means each and every investor has access to their own site, giving them up-to-the minute information about their investment portfolio as well as keeping them up to date with how they are progressing towards their goals.

Unfortunately our industry still relies heavily on paper based systems and, post-RDR, the majority of advisers finding themselves bogged down by administration and reporting. True Potential is entirely based around responsive, integrated multi-screen technology that takes finances into people's everyday lives further empowering clients and

making the adviser's job easier. The company was founded on the idea that one day, people could check the performance of their investments against specific goals and targets, while they watch television in their front room. That day is here and our in-house development team is dedicated to delivering the best, clearest, most user-friendly experience on the market today.

Offering this type of service is, in today's market, not an option, it is utterly essential. Clients have spoken and their message is clear: they want easy access to the latest information about their portfolios and they want to be able to do it whenever they choose to.

True Potential has listened to that message and has delivered, via the web and mobile device.





What one innovation are you bringing to the market in 2014 that will help to change the way people save?

True Potential is also looking to use our technology to change the way people save. We have invested a lot of time towards devising a solution to the growing advice gap, which we have called ImpulseSave®. This became available to investors in March 2014.

At the heart of ImpulseSave® is technology that will allow people to top up their savings and investments when they need to and want to in order to keep their investments on track to reach their goals.

When it comes to saving, having a goal or a destination is an important first step. This not only gives you a purpose for saving but also allows you to actively track your progress over time. If at any time you find there's a gap between your savings and your goal, or you simply want to reach your goals faster, you can 'top up' quickly and easily with ImpulseSave®, unique to True Potential.

What measures have you taken to make savings products and services more accessible and thus broaden the reach and impact of the industry?

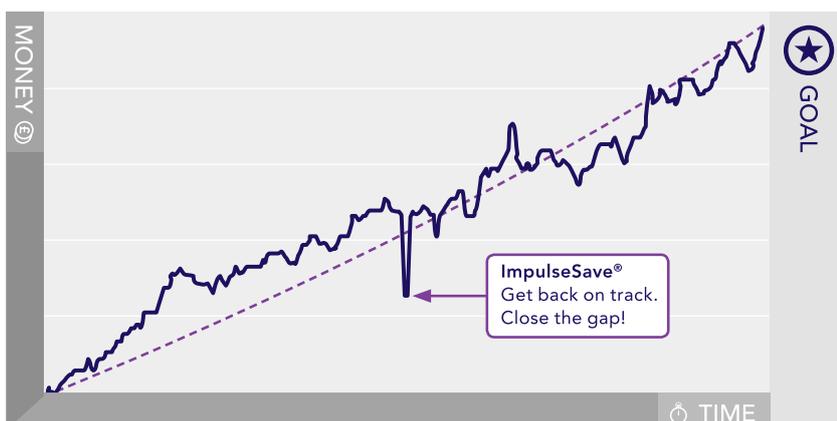
The financial services industry has a reputation for being something of a closed circle. It keeps critical information sacred by preventing knowhow and tools from getting into the hands of the majority of people. This has always worked very nicely for those with that knowledge at their disposal, but since RDR we have seen huge new reporting requirements thrust upon the industry and this has created an 'advice gap' – referring to those clients whose portfolios and

associated incomes are not large enough to justify the time that an adviser would have to spend administrating those accounts. True Potential doesn't believe in holding information back.

Transparency is key. People should be given the knowledge and the tools to invest and save for themselves. While financial advice is still at the heart of the industry, and will remain there, we believe that everyone – including financial advisers – will be better off and better able to work effectively and profitably if more people have basic financial knowledge.

This is why we launched the **True Potential Centre for the Public Understanding of Finance** in 2013, in partnership with the Open University. This Centre will carry out leading-edge research, while also offering three personal financial courses that are totally free to members of the public. These modules, the first launching in May of 2014, will offer an insight and an understanding into increasingly complex financial issues and can be completed in people's spare time.

ImpulseSave® Philosophy



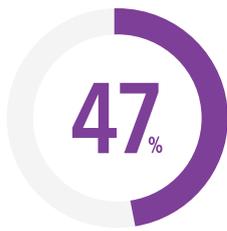


**TRUE
RESULTS**

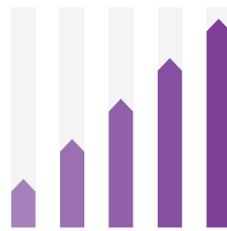


TRUE POTENTIAL WEALTH MANAGEMENT

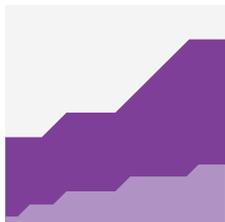
Key achievements for 2013



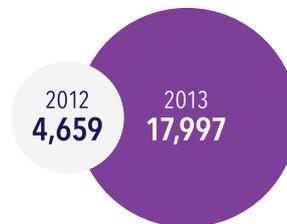
Profit increased by 47 percent to £5.3m



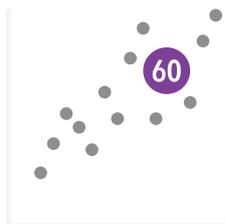
Wealth Management Partner numbers increased by 225% to 417



Turnover increased by 112 percent to £27.5m



Increase in the number of cases submitted over 2012



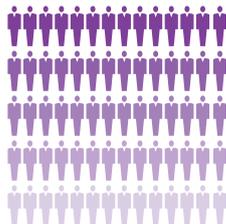
Ran 57 hours of webinars with an average attendance of 60



2,600 hours of 1-2-1 Adviser Support



Facilitated 750 hours of face-to-face training to 275 advisers

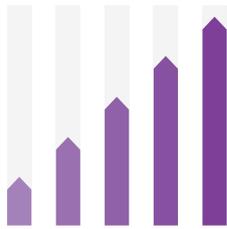


Held first sales conference in Nov. with over 300 delegates in attendance.



TRUE POTENTIAL ADVISER SERVICES LLP

Key achievements for 2013



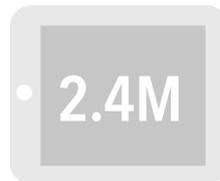
£204m pa of fees and commissions collected and reconciled on a daily basis, paid seamlessly into their bank accounts;



Combined, True Potential Adviser Services firms have £88bn of assets for which we provide valuations, asset allocation and performance analysis.



Yet another series of improved features delivered through version 6 (V6) at no extra cost, in fact, prices have been held since 2008;



Provision of 2.4m private client web sites for our TPAS firms' end clients to view all of their investments, and bank accounts, in one place, on the most popular mobile devices and computers;



647 RMAR returns completed;

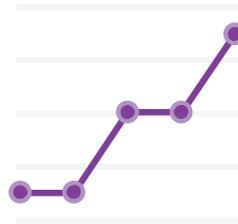


Awarded 'Best Support Service' at the 2013 Money Marketing Awards (2nd year running)

Key achievements for 2013



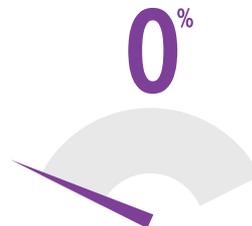
Added £1bn of new assets in 2013



32,000 private clients currently using the True Potential Wealth Platform;



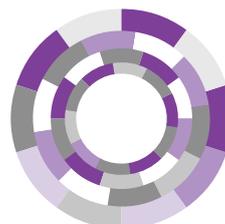
Launched 3 new strategy providers – Goldman Sachs, Shroders and Allianz Global Investors



Launched no-fee SIPP



All accounts on True Potential Wealth Platform are 100 percent invested



Currently have over 16,000+ investment options on the Platform



**TRUE
INNOVAT**



FOR



INNOVATION IS AT THE CORE OF OUR BUSINESS

Our technology platform was already one of the best on the market, but in 2013 we launched version six – V6 - of our single integrated wealth platform, which sparked our biggest-ever system update.

The move really put advisers and their clients at the top of our agenda, and over 4,300 advisers benefited from the free, automatic update.

The V6 platform was built from the ground up to offer class-leading client servicing tools for financial advisers – it allows them to service more clients, more effectively, than ever before.

V6 brings together the three core elements of True Potential – the back office system, the Wealth Platform, and client servicing tools, such as the firm’s unique client websites. It means everything an adviser needs to do business can be accessed quickly, easily and from anywhere in the world, from one single online location. It gives new-found flexibility and freedom to operate in a tough post-RDR climate as well as an enhanced customer experience. V6 has been built

specifically with a post-RDR market in mind, so while regulation is increasingly tough, and compliance is harder than ever to achieve, our V6 system, at least, is designed in a way that speeds up operations, streamlines processes and frees advisers up so they can do what they do best: advise their clients.

V6 gives us the perfect platform from which to achieve further growth.

The features on the new platform include:

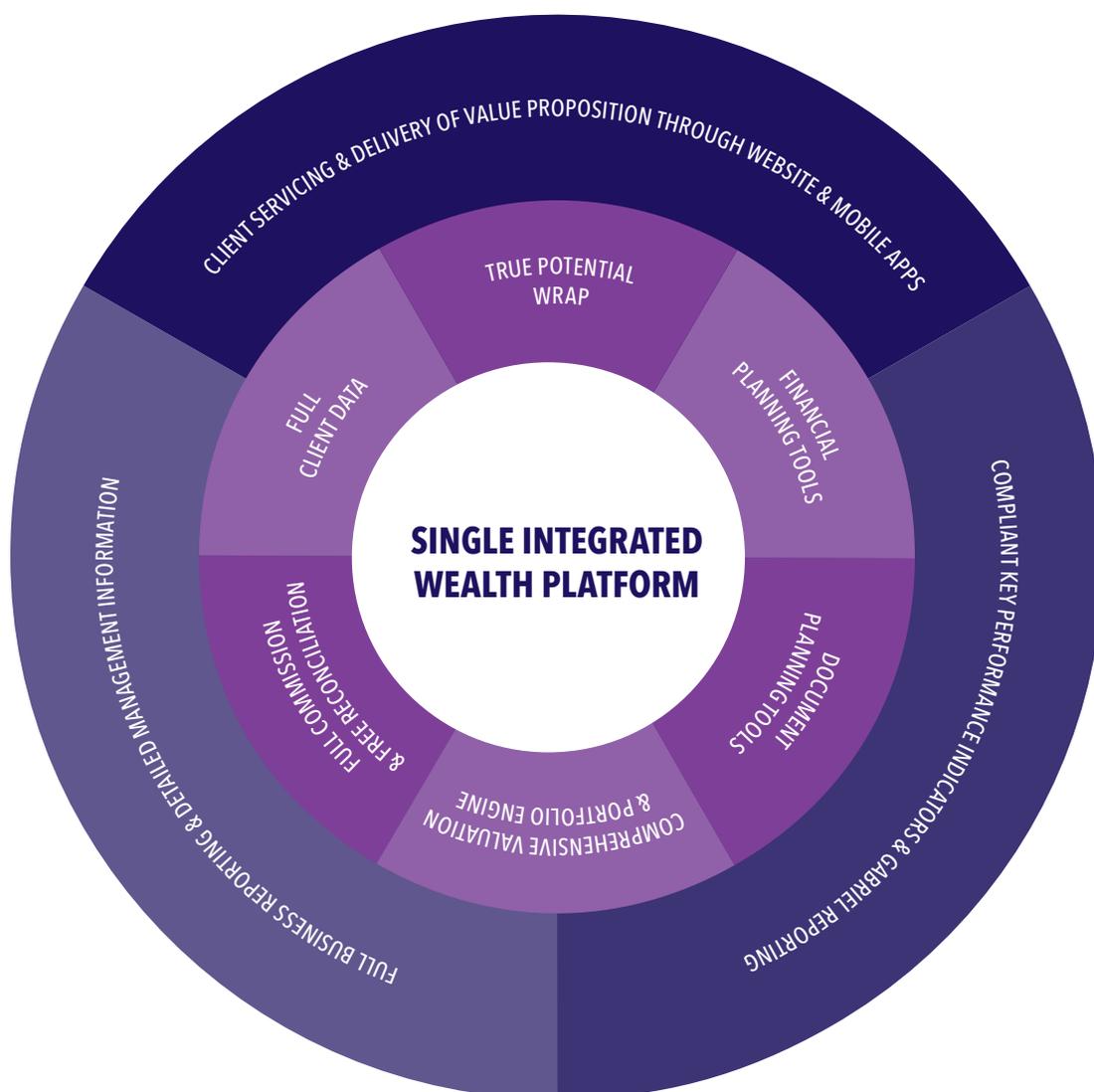
- Enhanced client servicing tools – allow IFAs to look after more clients than ever before, more effectively than ever before;
- Class-leading usability – pages and ‘clicks’ removed to speed up processes;
- Responsive design – V6 works on any connected device, with a

display that automatically adapts to suit any screen size;

- Value propositions –compliant, scalable and tailored value propositions to keep clients informed every step of the way;
- Expanded offline functionality; and
- Every part of V6 is just one click away thanks to its ‘mega menu’ approach.

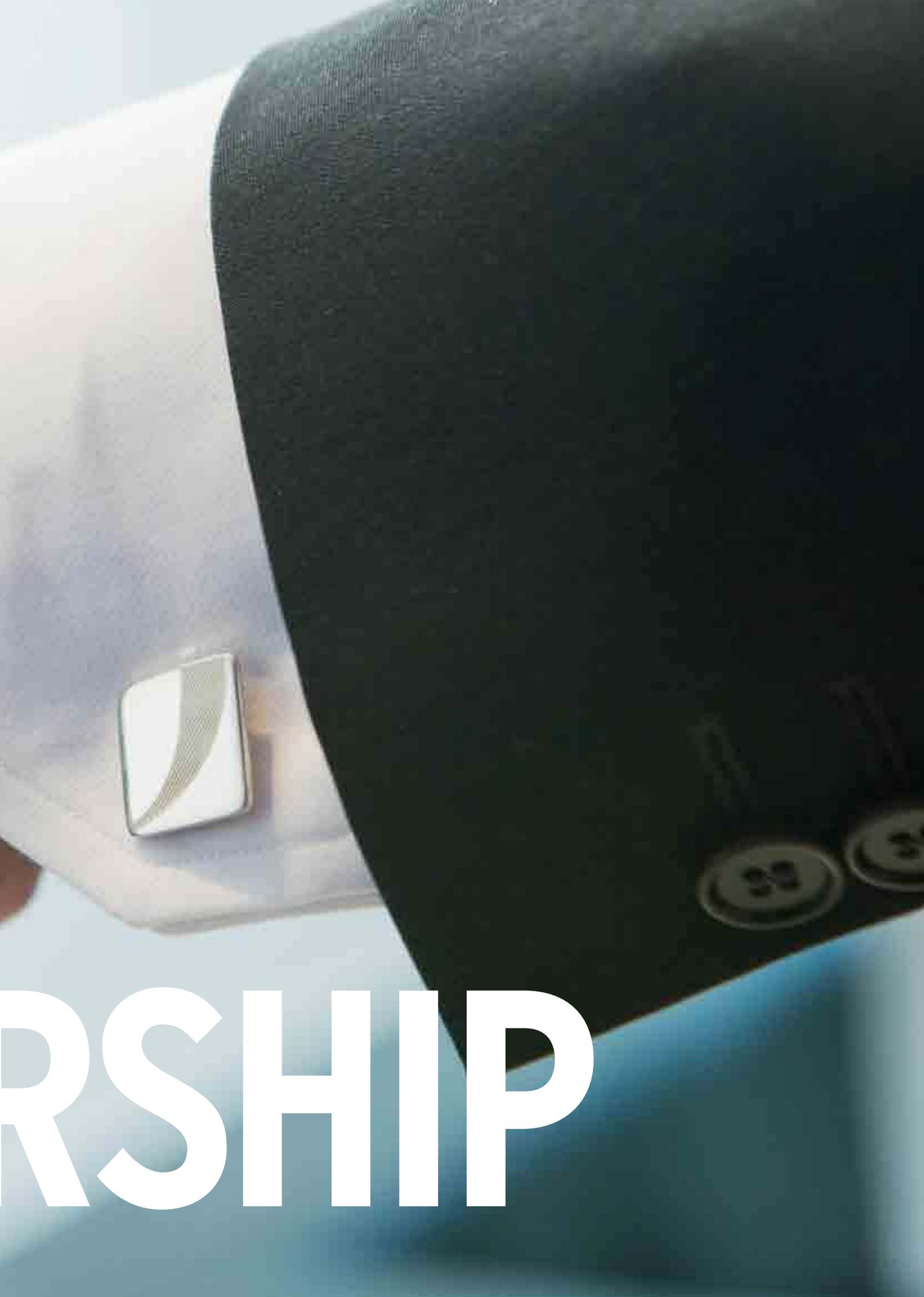


Our Single Integrated Wealth Platform





TRUE PARTNER

A close-up photograph of a person's arm in a dark suit jacket. The sleeve is visible, showing a light-colored cuff with a silver cufflink. The jacket has two buttons visible on the lower part of the sleeve. The background is a soft, out-of-focus blue.

RSHIP

A PLACE TO LEARN AND GROW

True Potential is the ideal place to build a career





Every single member of staff can become a partner in the organisation and share in the success of the companies. As of 31 December, we had 50 partners in the business.

We've also added 30 new head office staff to meet the demands of our partners and directly-authorized client firms.

True Potential runs a successful apprenticeship programme that has been running for over two years, which means this is a place to learn and grow, and we have built relationships with three of the region's top universities to ensure we have access to the next generation of financial services talent.



TRUE COMMITMENT

A photograph of a middle-aged man with grey hair, wearing a dark suit, light blue shirt, and a patterned tie. He is laughing heartily, looking slightly to his left. His hands are clasped in front of him. The background is bright and overexposed, suggesting an outdoor setting. A street lamp is visible in the lower right corner. The word 'MENT' is written in large, white, bold, sans-serif capital letters across the bottom of the image.

MENT

CORPORATE RESPONSIBILITIES

In 2013, True Potential launched a campaign, 'Mind the Savings Gap', aimed at raising awareness amongst the media, decision makers and the public of the growing crisis facing the UK. Not enough people are saving, whether for their retirement or for any other goal. This is a ticking time-bomb. Millions of people are going to face poverty once they stop working because the state pension system is increasingly unable to offer any significant support.

As part of this campaign, we have launched a survey that explores and examines savings habits amongst people in the UK. Conducted quarterly, the survey asks a number of pertinent questions of over 2,000 current UK residents, aged from 18 to retirement age. It is allowing us to build a picture of the full scale of the problem and is arming True Potential with the data needed to support its bid to improve and change the way people save.

True Potential has also partnered with the Open University to launch the True Potential Centre for the Public Understanding of Finance.



PUFin is a pioneering Centre of Excellence for research in the development of personal financial capabilities. PUFin is working to improve public understanding of personal finance through its research and the delivery of free modules providing individuals with the tools to make sound financial decisions.

True Potential is also on the advisory board for TISA Savings and Investment Policy Project and actively campaigns directly to politicians to improve conditions for savers, and to reduce burdensome savings related regulation in the UK.

On behalf of the members

David Harrison
Designated member

Neil Johnson
Designated member

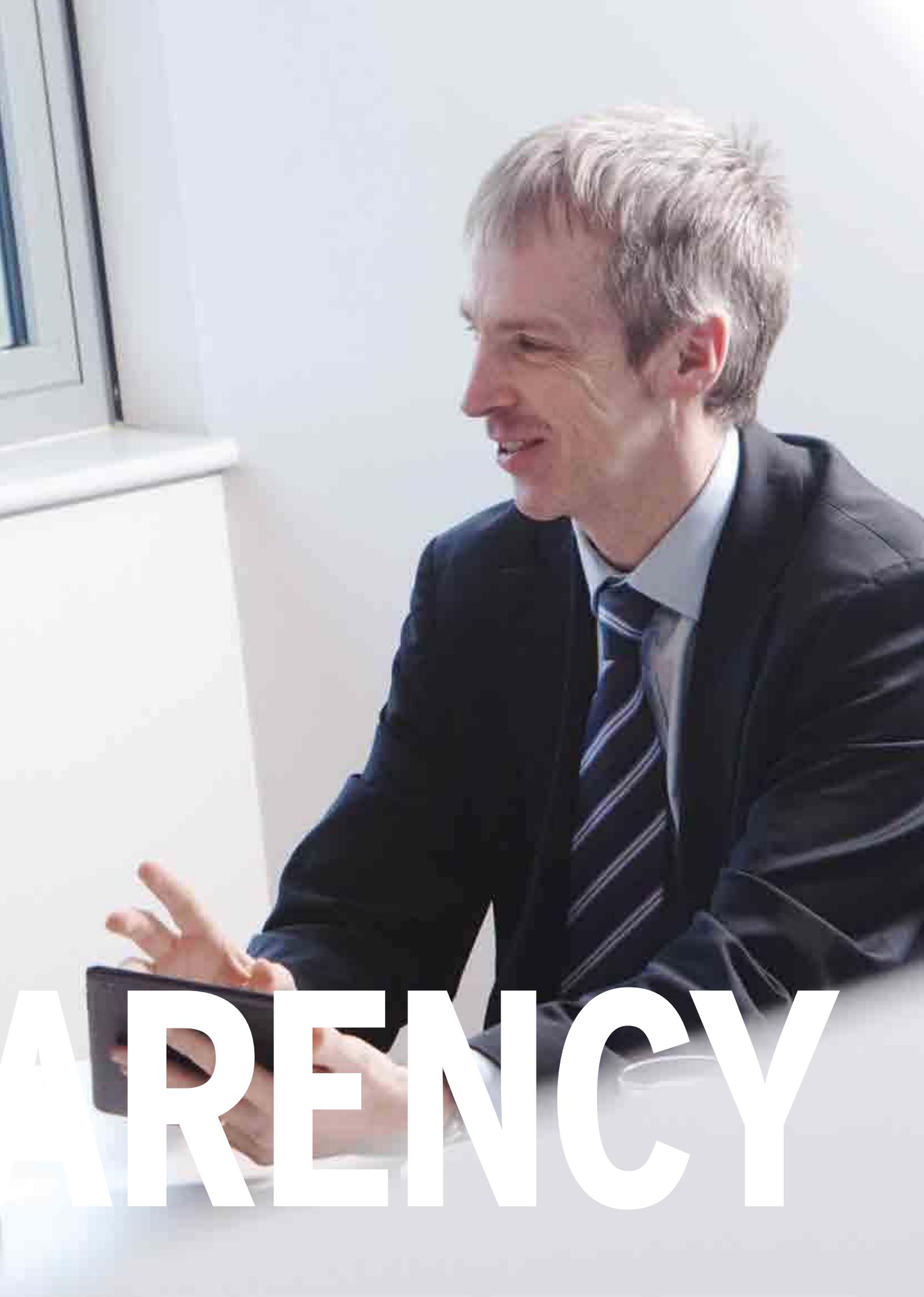
True Potential LLP
11 April 2014







TRUE TRANSP

A man with short, light-colored hair, wearing a dark suit jacket, a light blue shirt, and a dark tie with thin white stripes, is seated at a desk. He is holding a black tablet in his left hand and gesturing with his right hand as if in conversation. The background is a plain, light-colored wall with a window frame visible on the left. The overall lighting is bright and even.

AGENCY

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Members and advisers for the year ended 31 December 2013

Managing board members

David Harrison (Managing Partner)

Neil Johnson

Mark Henderson

Daniel Harrison

Earl Glasgow

Mike Edwards (Non-executive)

George Peebles (Non-executive)

Laurie Edmans (Non-executive)

Registered office

Newburn House

Gateway West

Newburn Riverside

Newcastle upon Tyne

NE15 8NX

Bankers

The Royal Bank of Scotland plc

31 Grey Street

Newcastle upon Tyne

NE1 6ES

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Members' report for the year ended 31 December 2013

The members present their report and the audited consolidated financial statements for the year ended 31 December 2013.

Designated members

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

David Harrison (Managing Partner)
Neil Johnson
Mark Henderson
Daniel Harrison
Earl Glasgow

Policy on members' drawings

The overall policy for members' drawings is to distribute the majority of the profit during the financial year, taking into account the need to maintain sufficient funds to finance the working capital and other needs of the business. The Managing Board sets the level of drawings.

Members' profit shares

Any remaining profit after the members' drawings for the year is allocated to the members as set out in the partnership deed and approved by the Managing Board.

Members' responsibilities statement

The members are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the group and parent partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships the members 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 the partnership and of the profit or loss of the partnership and group for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the partnership and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

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

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 members



David Harrison
Designated member



Neil Johnson
Designated member

True Potential LLP, 11 April 2014

Independent auditor's report to the members of True Potential LLP

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2013 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and limited liability partnership financial statements (the "financial statements"), which are prepared by True Potential LLP, comprise:

- the consolidated and partnership balance sheet as at 31 December 2013;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the designated members; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Independent auditor's report to the members of True Potential LLP

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Members' Responsibilities Statement set out on page 54, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.



Bill MacLeod (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

11 April 2014

- (a) The maintenance and integrity of the True Potential LLP website is the responsibility of the members; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	1	27,526	12,984
Cost of sales		(14,502)	(3,861)
Gross profit		13,024	9,123
Administrative expenses		(7,720)	(5,118)
Operating profit	3	5,304	4,005
Loss on disposal of fixed assets		(2)	(160)
Interest receivable and similar income	4	1	3
Interest payable and similar charges	5	(50)	(233)
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members	13	5,253	3,615

All operations are continuing.

The partnership 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.

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Consolidated balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	7	23	33
Tangible assets	8	1,018	1,260
Current assets			
Debtors	10	2,185	1,468
Cash at bank and in hand		573	922
Creditors: amounts falling due within one year	11	(2,470)	(1,164)
Net current assets		288	1,226
Total assets less current liabilities		1,329	2,519
Creditors: amounts falling due after more than one year	12	–	(3,376)
Net assets/ (liabilities) attributable to members		1,329	(857)
Members' other interests			
Members' capital	13	2,000	2,080
Other reserves	13	(671)	(2,937)
Total members' interests	13	1,329	(857)

These financial statements on pages 57 to 70 were approved by the board of members on 11 April 2014 and are signed on their behalf by:



David Harrison
Designated member



Neil Johnson
Designated member

11 April 2014

Partnership balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investment in subsidiary undertakings	9	2,265	–
Current assets			
Debtors	10	106	–
Creditors: amounts falling due within one year	11	(808)	–
Net current liabilities		(702)	–
Total assets less current liabilities		1,563	–
Net assets attributable to members		1,563	–
Members' other interests			
Members' capital	13	2,000	–
Other reserves	13	(437)	–
Total members' interests	13	1,563	–

These financial statements on pages 57 to 70 were approved by the board of members on 11 April 2014 and are signed on their behalf by:



David Harrison
Designated member

11 April 2014



Neil Johnson
Designated member

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Consolidated statement of cash flows for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	14	6,182	4,726
Returns on investments and servicing of finance			
Interest received		1	3
Interest paid		(50)	(233)
Net cash outflow from returns on investments and servicing of finance		(49)	(230)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(116)	(753)
Disposal of tangible fixed assets		76	–
Net cash outflow from capital expenditure and financial investment		(40)	(753)
Transactions with members and former members			
Payments to members		(2,986)	(2,123)
Capital contributions by members		(80)	1,945
Cash flows from financing activities			
Decrease in borrowings		(3,376)	(2,945)
Net cash outflow from financing		(6,442)	(3,123)
Movement in net cash in the year		(349)	620

Reconciliation of net cash flow to movement in net funds

	Note	2013 £'000	2012 £'000
Movement in net cash in the year		(349)	620
Net cash at 1 January		922	302
Net cash at 31 December		573	922

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Statement of accounting policies

Basis of accounting

The group financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to LLPs, the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of consolidation

The consolidated financial statements include the results of True Potential LLP and all of its subsidiary undertakings up to 31 December 2013. No profit and loss account for the parent partnership has been presented as permitted by Section 408 of the Companies Act 2006. Uniform accounting policies are used in all partnerships within the group.

Turnover

Turnover represents fees earned in respect of work carried out in the year in the ordinary course of business. Turnover is recognised on receipt and arises fully within the UK.

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 1/3%
Short leasehold buildings	length of lease

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:

Formation costs	20%
-----------------	-----

Operating leases

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

Income tax

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. No partnership within the group is taxed as a corporate entity.

Group reorganisation

On 21 October 2013, True Potential LLP acquired the legal and beneficial interest in True Potential Adviser Services LLP, True Potential Investments LLP and True Potential Wealth Management LLP. No change in control of any of the individual companies has arisen as a result of this transaction as all partners of these entities gave up legal and beneficial interests in return for similar rights in True Potential LLP. This reorganisation has been accounted for using the merger accounting principles set out in Financial Reporting Standard 6. Accordingly, the financial information for the current period has been presented, and that for the prior year restated, as if the subsidiaries had been owned by True Potential LLP throughout the current and comparative accounting periods.

Notes to the financial statements for the year ended 31 December 2013

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.

2. Employee information

The monthly average number of employees during the year was:

	2013	2012
	Number	Number
Management and administration	114	79

Staff costs	£'000	£'000
Wages and salaries	1,781	841
Social security costs	260	192
	2,041	1,033

3. Operating profit

This is stated after charging:

	2013	2012
	£'000	£'000
Depreciation of owned fixed assets	282	254
Amortisation of intangible assets	11	11
Auditors' remuneration - audit of group financial statements	21	21
- non-audit	10	5
Operating lease rentals - land and buildings	467	378

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Notes to the financial statements for the year ended 31 December 2013

4. Interest receivable and similar income

	2013	2012
	£'000	£'000
Bank interest receivable	1	3

5. Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable on borrowings	50	233

6. Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the parent partnership's profit and loss account has not been included in these financial statements. The parent partnership's profit for the financial year was £346,000 (2012: £NIL).

7. Intangible fixed assets

Group	Total
	£'000
Cost	
At 1 January 2013 and at 31 December 2013	53
Accumulated amortisation	
At 1 January 2013	19
Charge for the year	11
At 31 December 2013	30
Net book value	
At 31 December 2013	23
At 31 December 2012	33

8. Tangible assets

Group	Fixtures, fittings and equipment	Short leasehold buildings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2013	1,696	77	1,773
Additions	116	–	116
Disposals	(78)	–	(78)
At 31 December 2013	1,734	77	1,811
Depreciation			
At 1 January 2013	495	18	513
Charged during the year	272	10	282
Disposals	(2)	–	(2)
At 31 December 2013	765	28	793
Net book value			
At 31 December 2013	969	49	1,018
At 31 December 2012	1,201	59	1,260

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Notes to the financial statements for the year ended 31 December 2013

9. Investment

Partnership	Subsidiary undertakings
	£'000
Cost and net book value	
At 1 January 2013	-
Additions	2,265
31 December 2013	2,265

Details of investments held by the partnership are as follows:

Partnership	Country of registration	Proportion of ordinary shares held	Nature of business
True Potential Adviser Services LLP	England and Wales	100%	Provision of services to financial services distribution firms
True Potential Investments LLP	England and Wales	100%	Provision of a Wealth Platform
True Potential Wealth Management LLP	England and Wales	100%	Wealth Management Firm
True Potential Trustee Company Limited	England and Wales	100%	Pension Trustee

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

10. Debtors

	Group		Partnership	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Other debtors	1,734	1,187	–	–
Prepayments and accrued income	451	281	106	–
	2,185	1,468	106	–

11. Creditors: amounts falling due within one year

	Group		Partnership	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	149	375	–	–
Amounts due to group undertakings	–	–	808	–
Taxation and social security costs	84	57	–	–
Other creditors	692	256	–	–
Accruals and deferred income	1,545	476	–	–
	2,470	1,164	808	–

12. Creditors: amounts falling due after more than one year

	Group		Partnership	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Commercial Loan	–	3,376	–	–

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Notes to the financial statements for the year ended 31 December 2013

13. Total members' interests	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors	Total
	Members' capital	Other reserves	Total		
	£'000	£'000	£'000		
Group				£'000	£'000
At 1 January 2013	2,080	–	2,080	(2,937)	(857)
Profit for the financial year available for discretionary distribution among members	–	5,253	5,253	–	5,253
Members' interests after profit for the year	2,080	5,253	7,253	(2,937)	4,396
Members' interests-capital withdrawn	(80)	–	(80)	–	(80)
Divisions of profit	–	(5,253)	(5,253)	5,253	–
Drawings	–	–	–	(2,987)	(2,987)
Members' interests 31 December 2013	2,000	–	2,000	(671)	1,329

Partnership	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors	Total
	Members' capital	Other reserves	Total		
	£'000	£'000	£'000		
At 1 January 2013	–	–	–	–	–
Profit for the financial year available for discretionary distribution among members	–	346	346	–	346
Members' interests after profit for the year	–	346	346	–	346
Members' interests-capital introduced	2,000	–	2,000	–	2,000
Divisions of profit	–	(346)	(346)	346	–
Drawings	–	–	–	(783)	(783)
Members' interests 31 December 2013	2,000	–	2,000	(437)	1,563

Members' capital contributions are determined by reference to the working capital needs of the business. Individual members' capital contributions are set by the Managing Board. The amount in respect of the highest paid member in the year ended 31 December 2013 is £310,000 (2012: £185,000).

14. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2013	2012
	£'000	£'000
Operating profit	5,304	4,005
Depreciation	282	254
Amortisation of intangibles	11	11
Loss on disposal of fixed assets	(2)	(160)
(Increase) in debtors	(716)	(317)
Increase in creditors	1,303	933
Net cash inflow from operating activities	6,182	4,726

15. Analysis of net funds

Analysis of changes in net funds

	At 1 January 2013	Cash Flow	At 1 December 2013
	£'000	£'000	£'000
Cash at bank and in hand	922	(349)	573
Net funds	922	(349)	573

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Registered number OC380771

Notes to the financial statements for the year ended 31 December 2013

16. Operating lease commitments

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

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Within one year	–	–	29	15
Within two to five years	–	–	248	256
After five years	315	315	–	–

17. Related party transactions

True Potential LLP has taken advantage of the exemptions available under FRS8 "Related Party Disclosures" from disclosing related party transactions with group undertakings.

18. Ultimate controlling party

The ultimate controlling party is the Managing Board of members, as listed on page 53.



True Potential LLP

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London Office: 42-44 Grosvenor Gardens, Belgravia, London, SW1W 0EB

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