

True Potential Group Limited
Report and consolidated financial statements
for the year ended 31 December 2019

Registered number 09917444

True Potential Group Limited
Report and consolidated financial statements
for the year ended 31 December 2019

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True Potential Group Limited

Directors and advisers for the year ended 31 December 2019

Directors

David Harrison

Neil Johnson

Mark Henderson

Daniel Harrison

Earl Glasgow

Bradford Bernstein (Non-executive, Resigned 16 October 2019)

Kyle Griswold (Non-executive, Resigned 16 October 2019)

George Peebles (Non-executive)

Peter Coward (Non-executive)

Registered office

Newburn House

Gateway West

Newburn Riverside

Newcastle upon Tyne

NE15 8NX

Bankers

The Royal Bank of Scotland plc

1 Trinity Gardens

2nd Floor Broadchare

Newcastle upon Tyne

NE1 2HF

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

True Potential Group Limited

Foreword from Our Chairman

2019 was an exceptional year by anyone's standards; dramatic international events ranging from Chinese-US trade tensions, the Trump-North Korean rocket man saga, and this was just some of the USA-driven events. In the UK however the year ended with a clear shift in political power, domestically and in relation to Europe. All these events had effects on the markets.

By the mid-point of 2019, just about everyone had had enough of the political stalemate that had consumed Britain and the media. The country was going nowhere. Companies were not investing, markets and Sterling experienced heightened volatility. Politicians had seemed to forget who they were serving, what their democratic wishes were and appeared to be entirely self-serving.

Then came a new Prime Minister, later a thumping election win and two things were put to rest. First, the UK's protracted exit from the European Union would finally be concluded. Secondly, those who proclaimed the country had changed its mind on Brexit or predicted that Britain was ready for a far-left leader, were shown to be very wrong.

During that time True Potential completed an important transaction, judging that both for ourselves and our clients over the long-term, we should, to para-phrase a certain politician, take back control. As background, in 2015 we had sold a minority stake to US private equity firm, FTV Capital. After four years of outstanding and sustained growth, we took the decision, as part of our long-term planning for True Potential, to acquire (buy-back) a large portion of the shares held by FTV Capital. This was a huge vote of confidence from the senior management in the strong growth and profitability of True Potential. By taking back greater ownership of the business, we now have more control and agility to make decisions for the long-term.

In November we were pleased to announce that assets on our new investment platform, built and managed entirely in-house, had topped £10 billion. This was a further milestone and yet another indication of the strength and depth of our proposition. We also began moves in 2019 to acquire our own Authorised Corporate Director permissions, another part of our strategy to bring greater in-house control.

As you will read in this report, the results of these decisions and the hard work that accompanied them, led to 2019 being our best and most profitable year on record, which is the first part of our purpose.

Profitability enables us to fulfil the second part, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared over £300,000 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. It's also why I cofounded the national Social Mobility Pledge in 2018 to level up Britain. Today 500 organisations have signed up to the Pledge, covering four million people.

Profit with a purpose is a force for good and at True Potential we are proud to lead. I will remember 2019 as a year when power was restored. Take back control. Do more with your money. Simple, Effective, Unique.



David Harrison
Chairman
30th April 2020

True Potential Group Limited

Strategic Report for the year ended 31 December 2019

COVID-19 Update

An Introduction from our Chief Executive

Welcome to the True Potential 2019 Annual Report. Before I share our fantastic 2019 results with you, I thought it would be sensible to give you a Quarter 1 update from 2020.

To borrow a commonly used word from the media and government, this can feel like 'unprecedented' times. The rapid spread of COVID-19 and the effect it has had on our way of life and the economy certainly feels unprecedented.

Throughout this time, True Potential has rationally dissected the situation and been ahead of the curve in terms of our preparations. This meant that we have operated a full 'business as usual' approach and have been at full capacity since the UK lockdown began.

It also meant that we could continue to prosper as a business and continue to deliver our best of breed digital and wealth management proposition to all of our clients.

This has resulted in True Potential delivering our best ever quarter in terms of sales, profits and turnover. More than anything, this provides compelling proof that our business truly is antifragile and will prosper for the benefit of all for the long-term.

The following sections describe our approach to dealing with the challenges that the global pandemic has brought. Enjoy the read.

Business

Like all businesses, we found it necessary to react quickly and effectively to the COVID-19 pandemic.

However unlike other financial services businesses, we are already hugely diversified, with a built-in resilience based on a completely digital, cloud-based philosophy at our heart. So it is relatively easy for us to have our staff work remotely, including some of the most sophisticated functions in the UK investment industry.

All our staff are in normal (full) employment, we have no people on furlough.

Every client query has been dealt with as per normal. Every single client (our only priority) could in any case already know everything about their investments, in great detail, from their mobile device.

This clarity of business model is now showing up in complete contrast to paper based, and semi-technology (but in reality mostly paper) based financial businesses. Like everyone sensible we would have loved to avoid the COVID-19 situation, but we are proud that not one of our systems has been troubled by it, and in fact the amount of communication and business between us, our end clients, and our financial advisers has increased dramatically.

We needed to ensure that we look after the business as a whole, but also act in the best interests of our clients and advisers.

We are incredibly proud of the speed of response that all the staff have showed during this time, not only adjusting to a working from home environment, but also keeping 'business as usual' running for those that rely on us.

We are all very impressed with how well the company has continued to operate in this difficult time, showing record numbers across the board. The first three months of this year have shown a record quarter of sales, with £990 million of written business. This has resulted in a turnover of £41.3 million and profit over £14.9 million for True Potential for the first quarter of 2020.

True Potential Group Limited

Strategic Report for the year ended 31 December 2019 (continued)

COVID-19 Update (continued)

As a technology-driven company, being innovative and agile has always been at the heart of the business. The situation that we all find ourselves in has had a massive impact on everyone's lives, however it has also validated that a digital approach to finance is the correct path.

Our response

At True Potential we are always asking ourselves how we can do more. From finance to technology, it is something that is prevalent across the whole of the business. One of the key areas that we are proud to say how we 'Do More' in is the way we communicate with our audiences.

We always try and understand the needs of our customers, and we understand that the way that our clients consume information is ever changing, so in 2019 we put the wheels in motion to speak to them in new and innovative ways.

Communication

This year we launched our daily 'Morning Markets' video series on YouTube, where we bring you up-to-date with the most important investment market news of the day. Every Friday we also publish our in-depth 'Do More With Your Money' podcast (available in audio format and through our YouTube channel), every week our panel discusses investment markets, personal finance, global news and the latest updates from True Potential.

Both these mediums allow us to keep our clients updated and reassured, whilst showcasing the personality of the business.

Un-Isolated

In March, our charitable arm, The Harrison Foundation, created the 'Un-Isolated' Facebook group, which has one clear purpose - to support people feeling isolated due to the Coronavirus.

The page is a place where anyone can post ideas to keep busy, fit and active (both mentally and physically) or even just tips to pass the time.

David Harrison, True Potential's Chairman, set-up the page and regularly posts himself, showing how he is dealing with being isolated at this time.

C-19 Business Pledge

David also co-founded the C-19 Business Pledge, to harness the power of business in tackling the Coronavirus epidemic. It encourages businesses and universities to be a force for good by making a commitment to doing what they can to tackle the effects of Coronavirus.

Over 193 companies, collectively employing nearly one million people, have signed up to the C-19 Business Page and the numbers continue to grow.

True Potential Group Limited

Strategic Report for the year ended 31 December 2019 (continued)

2019 - The View from Our Chief Executive

With a 20% increase in turnover to £145 million and a 55% increase in profits to £44 million, 2019 was another record-breaking year for True Potential.

The year saw us deliver record amounts of business on a consistent basis, as advisers and clients trusted pension and investment business with us. We finished the year on the highest of notes and in 2020 have continued this optimism through and produced our two best-ever months for sales.

Adviser levels grew in True Potential Wealth Management to 546 Directly Authorised firms increased to 651 and clients who we help advisers deal with numbered 1 million. As regulatory reporting and pricing ever increases, I'm pleased to say that True Potential continues to be the right firm for advisers and their clients, of all shapes and sizes. I believe there is no better place to be than True Potential for the future-proofed adviser and their clients.

Our flagship True Potential Portfolios celebrated their fourth full year in October with £2.7 billion added in 2019, totalling £7.85 billion invested since launch. Once again, a period of volatility in markets proved that our strategy of Advanced Diversification works for investors. With over 9,000 experts in 200 global locations, we're uniquely positioned in the industry to maximise returns, minimise risk and reduce the cost of ownership to our clients. The results speak for themselves; and the growth of our bestselling 'Balanced' Portfolio was 13.66%, outstripping commonly quoted benchmarks like ARC and the FTSE 100.

Finishing my review of 2019, it was another award-winning year for True Potential. For the third year in a row we were winners at the European Business Awards, bringing home a Chairman's Selection Award. Later in the year we won 'Best Use of Technology' at the UK Platform Awards, celebrating our innovation and the work of our in-house development team. Finally, we were delighted to see True Potential Wealth Management voted the nation's most popular advice firm by VouchedFor users.

We are strong believers in building a committed team who strive for the same levels of excellence that the management team do. We welcomed two senior members to our team in 2019; Chris Kraft, formerly of the Investment Banking firm Perella Weinberg Partners, joined as our Chief Operating Officer, and Jeff Casson joined us from Martin Currie as our Chief Investment Officer. Both have added further expertise, personality and a spark to the True Potential management team with their contributions already being keenly enjoyed.

To support our brilliant growth levels, we rewarded our staff through two measures. The first was through the (non-mandatory) adoption of the Real Living Wage for all employees. On average, our staff have always earned above the national average and this latest measure continues to widen that gap for our excellent team. We also rewarded loyalty by increasing our pension contributions for all longer-serving members of the team. I'm always delighted when we can use our financial success to reward those who are well and truly part of the True Potential 'family'.

Looking forward to 2020, we have always believed in doing more for everyone that uses our services. Ultimately, they are the ones who trust their assets and reputation with us, and the team and I never take this for granted. That's why we've been working hard to improve our in-house investment platform with new features as well as developing 'VNext' - the next generation of our Back Office software for financial advisers. For end-clients, we'll soon be launching a rebuilt version of our personal finance features, making use of our Open Banking license and helping investors find ways to do more with their money.

True Potential Group Limited

Strategic Report for the year ended 31 December 2019 (continued)

2019 - The View from Our Chief Executive (continued)

As you'll have read from our Chairman, David Harrison, we believe in the benefits of control at True Potential. 2019 was the first full year in which we offered an end-to-end in-house solution for financial advisers and clients. This was supported by our fee-free True Potential Pension and ISA True Potential Portfolios which don't charge for discretionary fund management. Using the True Potential Platform that underpins client money our world-first online accounts and apps for clients, we offer an unmatched service to UK investors.

We're confident that no-one does more. And we've only just begun.

Do More

We launched True Potential in 2007 with the aim of revolutionising wealth management and helping people do more with their money.

To achieve this, we built a fully-integrated firm that looks after over £10 billion of investments and delivers market-leading innovations to our clients.

On a global scale, our True Potential Portfolios offer unrivalled diversification by using the expertise of 12,000 experts in 250 locations around the world.

To serve the UK's investors, we've built distribution that represents 20% of financial advisers – including our own advice firm which was voted the UK's most popular in 2019.

Supporting over 1 million clients are our dedicated staff of 282 at Dec-19, all based centrally in Newcastle upon Tyne. This includes our in-house development team who create the world-first technology we place in the hands of our clients.

All of this was purposefully designed to offer a global scale wealth management company that remains uniquely personal to our clients – helping each of them do more with their money.

True Potential Group Limited

Strategic Report for the year ended 31 December 2019 (continued)

Results and dividends

The profit on ordinary activities before tax for the year was £21,906,000 (2018: £12,690,000). Interim dividends payable (or paid) for the year are £16,789,055 (2018: £10,033,845). No final dividends will be paid.

Financial performance

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

	2019	2018
	£'000	£'000
Turnover	144,923	121,199
Operating profit before goodwill amortisation	43,719	28,194
Assets under management	10,442,592	7,726,280

Turnover increased by 19.6% to £144.9m as a result of the 35% increase in assets under management to £10.4bn. The year saw us deliver record amounts of new business, with £2.7 billion added in 2019.

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. The group is highly cash generative and retains sufficient cash balances in order 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 market place and current economic climate.

As noted above the risks to the group posed by the COVID-19 pandemic are being assessed and monitored closely, both from an operational and a financial perspective. The Company's operational resilience is being maintained by ensuring that as many customer facing and support staff as possible can work remotely, with further steps in place for those working in our offices to ensure social distancing.

True Potential Group Limited

Strategic Report for the year ended 31 December 2019 (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, People, 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 people it serves so it can deliver a differentiated customer experience. Various methods are utilised to understand customer needs and feedback including net promoter scores, 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.

People

The UK’s dearth in social mobility is particularly prevalent in financial services. But as one of the sector’s fastest growing firms the Company has found a highly effective solution. Its Pathway to Progress speeds young people with limited life chances into fulfilling and ever-developing careers.

In partnership with its founder’s charitable foundation, the Harrison Centre for Social Mobility, True Potential is pioneering a new approach. The formula involves a school True Potential helped to create in an area of high deprivation and culminates with an ongoing pathway of opportunity. Through intervention in an area of the North East that performs poorly for youth social mobility, complemented by employment programmes in a neighbouring part of the region that underperforms in early adulthood, True Potential has created an opportunity pathway.

What makes this approach unique in the business world, is that it views social mobility as a journey that transcends life stages. Furthermore, it is being delivered in the North East, one of the most deprived parts of the UK and in financial services, an industry often seen as being inaccessible.

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

Community

Profitability enables us to fulfil the second part our purpose, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared over £300,000 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. Today 500 organisations have signed up to the Social Mobility Pledge to level up Britain, covering four million people.

By Order of the Board

A handwritten signature in black ink, appearing to be 'Daniel Harrison', written over a light yellow rectangular background.

Daniel Harrison
Chief Executive Officer
30th April 2020
True Potential Group Limited

Registered number 09917444

True Potential Group Limited

Directors' report for the year ended 31 December 2019

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

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

Bradford Bernstein (Non-executive, Resigned 16 October 2019)

Kyle Griswold (Non-executive, Resigned 16 October 2019)

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

The Directors are satisfied with the progress of the business. On 31 October 2019 True Potential Wealth Management LLP acquired 100% of share capital of C&S Wealth Management Ltd.

Future developments

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

Dividends

Dividends payable (or paid) are determined by the Managing Board. Interim dividends payable (or paid) for the year are £16,789,055 (2018: £10,033,845). No final dividends will be paid.

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.

True Potential Group Limited

Directors' report for the year ended 31 December 2019 (continued)

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.

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

30th April 2020

True Potential Group Limited

Registered number 09917444

True Potential Group Limited

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 2019 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 (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 sheet as at 31 December 2019; the consolidated profit and loss account, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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.

True Potential Group Limited

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

Reporting on other information (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 11, 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.

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.

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.

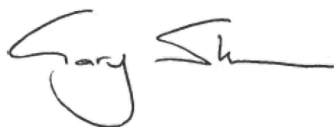
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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 upon Tyne
30th April 2020

True Potential Group Limited

Consolidated profit and loss account for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	1	144,923	121,199
Cost of sales		(67,011)	(63,035)
Gross profit		77,912	58,164
Administrative expenses		(34,193)	(29,970)
Operating profit before goodwill amortisation		43,719	28,194
Goodwill and brand amortisation	3	(15,427)	(15,427)
Operating profit	3	28,292	12,767
Interest payable and similar charges	4	(6,386)	(77)
Profit before taxation		21,906	12,690
Tax on profit	6	(19,517)	(5,444)
Profit for the financial year		2,389	7,246

All operations are continuing.

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

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

True Potential Group Limited

Consolidated balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Goodwill	8	68,315	78,687
Intangible assets	8	135,673	48,138
Tangible assets	9	2,274	2,418
		206,262	129,243
Current assets			
Debtors	12	29,215	18,913
Cash at bank and in hand		22,700	18,143
		51,915	37,056
Creditors: amounts falling due within one year	13	(53,978)	(16,127)
Net current assets		(2,063)	20,929
Creditors: amounts falling due after one year	14	(386,797)	(14,114)
Net (liabilities)/assets attributable to members		(182,598)	136,058
Capital and reserves			
Called up share capital	15	26	44
Share Premium		-	144,715
Revaluation reserve		18	-
Accumulated losses		(182,642)	(8,701)
Total shareholders' (deficit)/funds		(182,598)	136,058

These financial statements on pages 15 to 40 were approved by the board of directors on 30th April 2020 and are signed on their behalf by:



Daniel Harrison
Director



Neil Johnson
Director

30th April 2020

Registered number 09917444

True Potential Group Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Accumula ted 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)
	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Accumula ted losses £'000	Total equity £'000
Balance as at 1 January 2018	44	144,715	-	(5,913)	138,846
Profit for the year	-	-	-	7,246	7,246
Dividend paid	-	-	-	(10,034)	(10,034)
Balance as at 31 December 2018	44	144,715	-	(8,701)	136,058

True Potential Group Limited

Company balance sheet as at 31 December 2019

		2019	Restated 2018
	Note	£'000	£'000
Fixed assets			
Investment	10	1,006,756	710,000
Intangible Assets	8	17,056	-
Current assets			
Debtors	12	181	48
Cash at bank and in hand		627	271
Current assets		808	319
Creditors: amounts falling due within one year	13	(435,251)	(37,965)
Net current liabilities		(434,443)	(37,646)
Creditors: amounts falling due after one year	14	-	(6,802)
Net assets		589,369	665,552
Capital and reserves			
Called up share capital	15	26	44
Share Premium		-	144,715
Revaluation Reserve		18	493,373
Retained earnings		589,325	27,420
Total shareholders' funds		589,369	665,552

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 2019 was £18,401,649 (2018: £12,565,381).

These financial statements on pages 15 to 40 were approved by the board of directors on 30th April 2020 and are signed on their behalf by:



Daniel Harrison
Director



Neil Johnson
Director

30th April 2020

Registered number 09917444

True Potential Group Limited

Company statement of changes in equity for the year ended 31 December 2019

	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 profits	-	-	-	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
	Called up share capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total equity £'000
Balance as at 1 January 2018	44	144,715	-	14,603	159,362
Loss for the year	-	-	-	(12,565)	(12,565)
Partnership profits	-	-	-	35,416	35,416
Revaluation	-	-	493,373	-	493,373
Dividend paid	-	-	-	(10,034)	(10,034)
Balance as at 31 December 2018	44	144,715	493,373	27,420	665,552

True Potential Group Limited

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Net cash from operating activities	16	67,715	22,202
Taxation paid		(7,013)	(4,329)
Net cash generated from operating activities		60,702	17,873
Cash flow on investing activities			
Purchase of tangible assets		(474)	(394)
Purchase of intangible assets		(94,861)	(6,370)
Net cash used in investing activities		(95,335)	(6,764)
Cash flow from financing activities			
Share Buy-back		(304,256)	-
Increase in Senior Finance Loan		360,739	6,802
Interest on Finance Loan		(484)	(54)
Increase in Finance Loan		(20)	(362)
Dividends paid		(16,789)	(10,034)
Net cash from/(used) in financing activities		39,190	(3,648)
Net increase in cash and cash equivalents in the year	17	4,557	7,461
Cash and cash equivalents at the beginning of the year		18,143	10,682
Cash and cash equivalents at the end of the year		22,700	18,143

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 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 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.

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.

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 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.

True Potential Group Limited

Statement of accounting policies (continued)

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;

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 accounts are:

i. Provisions, including value of intangibles

Intangible assets represent the value of the customer relationships purchased by the firm, capitalised costs relating to the platform and other project developments. In calculating the value of certain intangible assets 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.

ii. Useful economic life

Intangible assets are amortised over its 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 value are reviewed annually for impairment by the company. The investment value is calculated as the expected future cashflows.

Historically the Group has valued its investments at historical cost less impairment. The Board has agreed to change this accounting policy and will now value its investments on a fair value basis. This change will result in the financial statements providing reliable and more relevant information to the users of the financial statements. This basis is permitted under FRS102 para 9.26.

The assessment of fair value will be based on a directors' valuation. For the year ending 31 December 2019, a fair value has been established on 16 October 2019 through the buy-back of 75% of FTV Capital's shareholding. The assessment of fair value for the year ending 31 December 2018 was established on a directors' valuation and a restatement of the prior year figures was applied. The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future.

True Potential Group Limited

Statement of accounting policies (continued)

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.

Goodwill

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 changes 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.

True Potential Group Limited

Statement of accounting policies (continued)

Intangible fixed assets and amortisation

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.

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.

Other 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%

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

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.

(i) Investment

Historically, investments have been valued at historical cost less impairment.

True Potential Group Limited

Statement of accounting policies (continued)

The board has agreed to change the accounting policy and will now value its investment on a fair value basis. The change will result in the financial statements providing reliable and more relevant information to the users of the financial statements. This basis is permitted under FRS102 para 9.26.

The assessment of fair value will be based on a directors' valuation. The investment balance for 2018 has been restated in the balance sheet to reflect this. The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in the future.

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.

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2019

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:

	2019	2018
	£'000	£'000
Provision of financial services	144,923	121,199

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.

2 Staff costs

The monthly average number of employees during the year was:

	2019	2018
	Number	Number
Management and administration	261	253

	2019	2018
Staff costs:	£'000	£'000
Wages and salaries	11,804	7,846
Social security costs	1,311	771
Other pension costs	173	80
	13,288	8,697

True Potential Group Limited

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

2 Staff costs (continued)

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

	2019	2018
	£'000	£'000
Aggregate emoluments	4,669	1,699

No emoluments were paid by the Company.

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

	2019	2018
	£'000	£'000
Emoluments	1,373	773

3 Operating profit

This is stated after charging:

	2019	2018
	£'000	£'000
Depreciation of owned fixed assets	619	513
Amortisation of intangible assets	2,275	821
Amortisation of goodwill and brand	15,427	15,427
Auditors' remuneration - audit of group financial statements	58	45
- non-audit – taxation services	20	17
- other assurance services	132	20
Operating lease rentals - land and buildings	938	1,031

4 Interest payable and similar charges

	2019	2018
	£'000	£'000
Interest payable on borrowings	6,386	77

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 2019 was £18,401,649 (2018: £12,565,381).

6 Tax on profit

(a) Analysis of charge in year

	2019	2018
	£'000	£'000
<hr/>		
<i>Current tax:</i>		
UK corporation tax	7,428	5,604
<hr/>		
Total current tax (note 6(b))		
<i>Deferred tax</i>		
Origination and reversal of timing differences	13,510	82
Adjustments in respect of previous periods	1	(2)
Change in tax rates or laws	(1,422)	(240)
<hr/>		
Total deferred tax	12,089	(160)
<hr/>		
Tax on profit	19,517	5,444
<hr/>		

True Potential Group Limited

Notes to the financial statements for the year ended 31 December 2019 (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% (2018: 19%). The differences are reconciled below:

	2019	2018
	£'000	£'000
Profit before tax	21,906	12,690
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	4,162	2,411
Effects of:		
Disallowed expenses and non-taxable income	13	187
Goodwill amortisation	-	1,973
Adjustments in respect of prior periods	1	(2)
Tax rate changes	-	(241)
Movement on intangibles	15,341	156
Brand amortisation	-	960
Total tax charge for the year (note 6(a))	19,517	5,444

(c) Factors affecting future tax charge

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2018 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

True Potential Group Limited

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

7 Deferred tax

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

	2019	2018
	£'000	£'000
Fixed asset timing difference	20,020	7,931
Total	20,020	7,931

Movement in deferred tax liability during the year	£'000	£'000
At 1 January 2019	7,931	8,091
Deferred tax charged to profit and loss account (note 6)	12,089	(160)
At 31 December 2019	20,020	7,931

True Potential Group Limited

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

8 Intangible assets

Group	Goodwill £'000	Brand £'000	Other intangibles £'000	Total £'000
Cost				
At 1 January 2019	103,397	50,500	11,345	165,242
Additions	-	-	94,860	94,860
At 31 December 2019	103,397	50,500	106,205	260,102
Accumulated amortisation				
At 1 January 2019	24,710	12,204	1,503	38,417
Charge for the year	10,372	5,050	2,275	17,697
At 31 December 2019	35,082	17,254	3,778	56,114
Net book value				
At 31 December 2019	68,315	33,246	102,427	203,988
At 31 December 2018	78,687	38,296	9,842	126,825

Other intangibles represent the value of the customer relationships purchased by the firm, capitalised costs relating to the platform and other project developments.

Company	Other intangibles £'000	Total £'000
Cost		
At 1 January 2019	-	-
Additions	17,494	17,494
At 31 December 2019	17,494	17,494
Accumulated amortisation		
At 1 January 2019	-	-
Charge for the year	438	438
At 31 December 2019	438	438
Net book value		
At 31 December 2019	17,056	17,056
At 31 December 2018	-	-

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 2019 (continued)

9 Tangible assets

Group	Fixtures, fittings and equipment £'000	Short Leasehold Buildings £'000	Total £'000
Cost			
At 1 January 2019	4,873	77	4,950
Additions	475	-	475
At 31 December 2019	5,348	77	5,425
Accumulated depreciation			
At 1 January 2019	2,475	57	2,532
Charged during the year	610	9	619
At 31 December 2019	3,085	66	3,151
Net book value			
At 31 December 2019	2,263	11	2,274
At 31 December 2018	2,398	20	2,418

True Potential Group Limited

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

10 Investment

Company	Subsidiary undertakings
	£'000
Fair value	
At 1 January 2019	710,000
Capital contribution	81,692
Revaluation	215,064
31 December 2019	1,006,756

Following the change in accounting policy from historical cost less impairments to fair value, the value at 1 January 2019 has been revalued to £710,000,000 from £216,627,436.

Historically the Group has valued its investments at historical cost less impairment. The Board has agreed to change this accounting policy and will now value its investments on a fair value basis. This change will result in the financial statements providing reliable and more relevant information to the users of the financial statements. This basis is permitted under FRS102 para 9.26.

The assessment of fair value will be based on a directors' valuation. For the year ending 31 December 2019, a fair value has been established on 16 October 2019 through the buy-back of 75% of FTV Capital's shareholding. The assessment of fair value for the year ending 31 December 2018 was established on a directors' valuation and a restatement of the prior year figures was applied. The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future.

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 2019 (continued)

10 Investment (continued)

Subsidiary undertakings	Country of registration	Proportion of ordinary shares held	Nature of business
True Potential LLP	England and Wales	100%	Holding firm
True Potential Holdings Limited	England and Wales	100%	Dormant company
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%	Investment management firm
True Potential Wealth Management LLP	England and Wales	100%	Wealth Management Firm
True Potential Trustee Company Limited	England and Wales	100%	Pension Trustee
True Potential Associate Partners Limited (Shelf 786 Ltd)	England and Wales	100%	Financial advisory firm
Trem Holdings Limited	England and Wales	100%	Holding Firm
C&S Wealth Management Limited	England and Wales	100%	Holding Firm

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

11 Business combinations

On 31 October 2019 the LLP acquired 100% of share capital of C&S Wealth Management Limited for a total consideration of £1,500,000. Registered address of the above investment in subsidiary is the same as the parent.

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

Trem Holdings Limited net assets at 31 December 2019 were £222.

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

True Potential Group Limited

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

11 Business combinations (continued)

Consideration at 31 October 2019

	£
Cash	1,500,000
Total consideration	1,500,000

Identifiable net assets acquired at 31 October 2019

	£
Debtors	200
Intercompany balances	1,499,999
Total identifiable net assets	1,500,199

12 Debtors

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Other debtors	26,961	17,214	-	-
Prepayments and accrued income	2,254	1,699	181	48
	29,215	18,913	181	48

True Potential Group Limited

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

13 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	1,392	1,705	-	-
Amounts due to group undertakings	-	-	432,289	35,335
Taxation and social security	4,459	2,839	2,962	2,545
Deferred tax	998	950	-	-
Pension contributions	51	22	-	-
Other creditors	37,552	7,716	-	-
Accruals and deferred income	9,085	2,531	-	85
Finance loan	441	364	-	-
	53,978	16,127	435,251	37,965

14 Creditors: amounts falling due after more than one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Finance loan	233	331	-	-
Revolving Credit Facility	20,612	6,802	-	6,802
Acquisition loan facility	346,930	-	-	-
Deferred tax liability	19,022	6,981	-	-
	386,797	14,114	-	6,802

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 dated 15th October 2019. The super senior loan accrues interest on a quarterly basis 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.

True Potential Group Limited

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

14 Creditors: amounts falling due after more than one year (continued)

Senior Loans

The Group's financing facility includes senior loans of £300,600,000 and £12,930,000 dated 15th October 2019. Both senior loans accrue interest on a quarterly basis 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 £20,611,684 dated 15th October 2019. The revolving credit facility accrues interest on a quarterly basis 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.

15 Called up share capital

Group and Company

	2019	2018
	£'000	£'000
Authorised		
Ordinary shares of £0.00001 each	26	28
A preferred shares of £0.00001 each	-	16
Total	26	44
Allotted, called up and fully paid		
Ordinary shares of £0.00001 each	26	28
A preferred shares of £0.00001 each	-	16
Total	26	44

True Potential Group Limited undertook a buy-back of the redeemable A Preference Share Capital on 16th October 2019.

The company issued bonus shares to Voting Ordinary shareholders out of the revaluation reserve created in the change of accounting policy on investments to fair value. The bonus shares consist of deferred ordinary shares with very limited rights attached. The bonus shares were issued to all Voting Ordinary shareholders in proportion to their existing shareholding. The company then undertook a capital reduction to reduce its aggregate share capital (and share premium) to an amount equal to the original share capital prior to the bonus issue. Cancelling the bonus shares issued to reduce the current share premium to nil. This was effected via a Directors' solvency statement. Finally the company repurchased the Redeemable A Preference shares that were not converted to Voting Ordinary shares and Non-voting Ordinary Shares.

True Potential Group Limited

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

15 Called up share capital (continued)

The A preferred shares have been treated as equity as the holders of the shares do not have rights to demand redemption under the Articles, this is at the Company's discretion. The shareholders have a right to an interest in the residual capital of the Company, but the shares are subordinated to any other creditor of the Company. The shareholders have no absolute right to dividend payments, and the shareholders do not see any accumulated but unpaid dividends as forming part of the liabilities of the Company, rather as requiring a priority treatment when it comes to any return to shareholders.

16 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2019	2018
	£'000	£'000
Profit for the year	2,389	7,246
Tax on profit/(loss)	19,517	5,444
Net interest expense	6,386	77
Operating profit	28,292	12,767
Depreciation	619	513
Amortisation	17,702	16,248
Increase in debtors	(10,302)	(7,895)
Increase in creditors	31,404	569
Net cash flow from operating activities	67,715	22,202

17 Analysis of net funds

Analysis of changes in net funds

	At 1 January 2019	Cash flow	At 31 December 2019
	£'000	£'000	£'000
Cash at bank and in hand	18,143	4,557	22,700
Net funds	18,143	4,557	22,700

True Potential Group Limited

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

18 Operating lease commitments

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

	2019	2018
	£'000	£'000
Within one year	576	589
Within two to five years	1,696	1,692
After five years	791	1,247
Total	3,063	3,528

19 Dividends

Dividends paid during the year

	2019	2018
	£'000	£'000
Equity – ordinary		
Interim paid £0.00430 pence (2018: £0.00358) per £0.00001 share	12,045	10,034
Interim paid £0.00399 pence (2018: Nil) per £0.00001 share	4,744	-
Total	16,789	10,034

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.

The group has total outstanding loan amounts to previous partners of True Potential LLP, who are now shareholders of this statutory entity, amounting to £nil (2018: £nil).

21 Ultimate controlling party

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

True Potential Group Limited

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

22 Post Balance Sheet Events

The impact of Covid-19 is considered to be a non-adjusting post balance sheet event.

The risks to the group posed by the COVID-19 pandemic are being assessed and monitored closely, both from an operational and a financial perspective. The position continues to evolve rapidly and the ultimate impact will depend on how the specific circumstances of the pandemic develop.

From a financial perspective the group has not noted any significant impact on financial performance since the year end as a result of the pandemic.

The group's operational resilience is being maintained by ensuring that as many client facing and support staff as possible can work remotely, with further steps in place for those key workers working in our offices to ensure social distancing. From an employee wellbeing and business continuity perspective, we are proactively monitoring this outbreak and are maintaining continuous dialogue with employees regarding its status. Periodic updates are being issued and guidance to all staff on preventative measures and on maintaining good physical and mental health is being provided.