

True Potential Group Limited  
Report and consolidated financial statements  
for the year ended 31 December 2021

**Registered number 09917444**

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# True Potential Group Limited

## Directors and advisers for the year ended 31 December 2021

### Directors

David Harrison

Neil Johnson

Mark Henderson (Resigned 21 January 2022)

Daniel Harrison

Earl Glasgow (Resigned 21 January 2022)

George Peebles (Non-executive)

Peter Coward (Non-executive) (Resigned 21 January 2022)

Rebecca Abrey (Appointed 21 January 2022)

Jodi Balfe (Appointed 21 January 2022)

Caspar Berendsen (Appointed 21 January 2022)

Andrea Bertolini (Appointed 21 January 2022)

Samy Jazaerli (Appointed 21 January 2022)

### Registered office

Newburn House

Gateway West

Newburn Riverside

Newcastle upon Tyne

NE15 8NX

### Bankers

The Royal Bank of Scotland plc

Bishopsgate

Threadneedle Street

London

EC2R 8AH

### Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

# True Potential Group Limited

## Chairman's Report for the year ended 31 December 2021

Let me start by welcoming Cinven to True Potential as our new majority shareholder. After so many years of consecutive growth, it is not surprising that we are often seen as an attractive option for investment. In contrast to so many other firms, last year we had the luxury of being able to choose the direction in which to take our business and the type of partner to work alongside.

Having examined many options, we were convinced that Cinven is the perfect partner for True Potential to realise our ambitions in the coming years. Cinven bring with them a wealth of experience, vast industry knowledge and above all they are people who share our ambitions and ethos. It is a partnership that is in its early stages but is already hugely exciting and opening new possibilities. I very much look forward to working with Cinven in the years to come.

Part of what attracted Cinven to True Potential was the strength in depth in our business and 2021 demonstrated that perfectly. While many other businesses across the United Kingdom and the World struggled to get to grips with another year of Covid-19 and constant disruption, True Potential flourished.

This was possible because the business was not designed merely to be resilient, but to be anti-fragile to thrive in times of volatility, to push boundaries, to do things differently. In short, to be unique.

No we didn't know a pandemic was coming, but when it did the way our business was built and has evolved meant we continued to grow. And while others in our industry delivered a second year of poor customer service, poor technology and ultimately poor business performance, True Potential thrived in 2021 by continuing to deliver exceptional customer service, and top of the range technology built and managed in-house. We invested heavily in upgrading our head office to be a place where our clients and advisers want to visit and where they feel even more at home when they do.

Much has been written in recent months about 'levelling up' and what business purpose really means. I am clear that our purpose is to make a profit by providing clients with a profit from their investment through exceptional service, technology, and fund performance. Our results prove that we consistently deliver and our clients' wealth, and ours, grows year-on-year.

And because we fulfil that purpose, we can deliver on a much wider purpose beyond our office walls. That is in the community where once again 2021 saw us support more charities, donate more money and drive our existing projects forward. This makes us happy and feel good, but it also goes to much deeper belief in the power of the individual.

Through our Advanced Diversification in the True Potential Portfolios, we are helping to create individual wealth. Through our charitable work with the Harrison Foundation, the Harrison Centre for Social Mobility and the national Social Mobility Pledge, as well as all the other charities that support, we are creating opportunities for individuals to reach their full potential, to gain a second, third, fourth, or even a fifth chance in life when so many of them have been written off.

Profit with a strong purpose is what we stand for and levelling up is the result. I look forward to 2022 being a further year of growth and levelling up our performance once again.



David Harrison  
Chairman  
27 April 2022

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021

### Chief Executive's Report

2021 was another exciting and hugely successful year for us at True Potential and it is my pleasure to share this report with you.

New asset sales to the True Potential Platform topped £6.5 billion from clients, making this another record year for the business and an increase of 55% from 2020. 2021 was our 14th year in business and we have recorded an increase in sales every year – this sustained growth is testament to our strategy and our drive to put clients at the heart of everything we do.

Joining the group were 273 new financial advisers some of whom we are helping plan toward their eventual retirement, the rest of whom are now at a place that I hope will be their home for many years to come as they thrive and help deliver fantastic customer outcomes. If this is your first year at True Potential and you are reading this report, then a huge welcome from me and the team.

For those advisers who are retiring, I'm thrilled to say that our Central Advice Team continues to go from strength to strength and gives the best home for those advisers' clients in the industry. We now look after 38,000 clients directly and we do so in a modern, smart and technology led fashion. These clients are delighted with the proposition that we offer them and I expect this part of the business to continue to grow further.

Supporting these advisers and clients has been our fantastic staff. When I wrote our 2020 annual report I remarked upon how well they had operated during Covid and the various lockdowns and rule changes – they never missed a step and performed excellently. The same could very much be said for 2021 which, despite yet more clouded thinking and guidance regarding Covid from government, saw our high standards being kept throughout and some admirable work being completed by all members of the team. Well done and thank you to you all.

One of the few positives from 2 years of lockdown was True Potential being given the opportunity to shape how we wanted to work and how we thought we could deliver an even better service to our advisers and clients. This has seen us adopt a hybrid working approach and also undertake a full overhaul of our head office.

Both of these initiatives have been purposefully designed to help our staff become more productive and enjoy a more flexible working pattern, whilst continuing to be great ambassadors for the group. The outcome of both of these has meant that our opening hours have been extended, meaning we can look after our clients and advisers at more times to suit them.

As well as delivering wonderful business results, True Potential has also looked to deliver wonderful outcomes to community causes.

These causes are too numerous to mention in this foreword, but have included our continued support of The Social Mobility Pledge and seen head of True Potential Adviser Services, Gregg Lang, run 1,082 miles and raise £15,000 in 2021.

# **True Potential Group Limited**

## **Strategic Report for the year ended 31 December 2021 (continued)**

### **Chief Executive's Report (continued)**

Finally, I am delighted to say that the end of 2021 saw us announce our partnership with Cinven, who have become majority owners of True Potential. Cinven is an excellent business and they have an excellent team, who are already working very well alongside the team. This partnership will propel True Potential further forward as the management team and I continue to build upon our growth for many years to come.

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

Daniel Harrison  
Chief Executive Officer  
27 April 2022

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Our vision

Everything we build is to help clients do more with their money. When we succeed with clients, this helps our financial advisers thrive.

### Expert financial advice

In 2021, our 'Hybrid Advice' model helped over 106,000 clients do more with their money. By offering the very best of personal financial advice with award-winning technology, our clients have 24/7 access to their investments and support whenever they need us.

We have always led the way with our service, meaning that no matter the local or national situation in recent years our clients can get financial advice in person, by live chat, on the phone or by email at their convenience.

At the end of 2021 we now have over 38,000 clients fully advised, serviced and supported through our Central Advice Team. This specialised department looks after each client personally, offering initial and ongoing advice, as well as annual reviews and our world-first technology.

We welcomed 20,532 new clients to the service in 2021, onboarding each of them with a combination of video chats, phone calls and online demonstrations.

### Dedicated support

Our Customer Care team are the first point of contact for clients whenever they need help, have a question or want to book in a meeting with a financial adviser.

The team answered 31,622 live chats, 118,567 calls and 77,480 emails in 2021. Our average wait time to speak to a member of the team was just 39 seconds.

By offering a range of ways for clients to get in touch, we ensure that whenever and however a client wants to speak to us, we are there.

### Investment Management

In 2021 we welcomed the 100,000th True Potential Portfolio investor to our service and went on to end the year with 122,189 individual investors.

We designed our innovative Portfolios with three simple goals, all aimed at helping clients do more with their money:

1. Maximise returns
2. Minimise risk
3. Reduce costs

Since launch, our most popular Balanced Portfolio has produced a return of 54.61% and our Aggressive Portfolio has returned 84.08%, both inclusive of fund fees. In annualised terms these figures are an impressive 7.21% and 10.24% respectively, comfortably ahead of inflation and building real wealth for our clients.

We have also driven down the cost of ownership for all Portfolios, passing the full reduction on to clients and therefore helping them keep more of their money invested. Our most popular Balanced Portfolio now costs clients 14% less than on launch and our Aggressive Portfolio 15%.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Investment Management (continued)

We achieve these results thanks to our unique approach of ‘Advanced Diversification’, which blends tried and tested multi-asset strategies from a range of world-class fund managers. Unlike standard multi-asset funds, our Portfolios do not rely on the opinion or approach of a single fund manager, in fact we have access to the views of over 9,000 investment experts in 200 global locations.

Despite two years of challenging markets and unpredictable global events, our innovative approach has enabled us to make well-informed investment decisions and continue building wealth for our clients.

### Investment performance

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

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

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

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

True Potential Portfolio	2020-2021	Since Launch
True Potential Defensive Portfolio	2.83%	24.24%
True Potential Cautious Portfolio	6.28%	38.87%
True Potential Cautious + Portfolio	7.77%	40.97%
True Potential Cautious Income Portfolio	9.87%	45.21%
True Potential Balanced Portfolio	9.81%	54.61%
True Potential Balanced + Portfolio	10.76%	60.77%
True Potential Balanced Income Portfolio	10.98%	50.59%
True Potential Growth Portfolio	13.12%	73.48%
True Potential Growth + Portfolio	14.25%	73.25%
True Potential Aggressive Portfolio	15.59%	84.08%

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Investment performance (continued)

#### *Fund manager experts*

Our unique blend of carefully-selected Fund Managers report directly to us. This means we can ensure that all of the funds within our Portfolios work with you in mind.

We work with over 9,000 experts in 200 global locations to get a unique view of global markets.

This worldwide scale means that every hour of the day, we have experts actively working on our clients' money.

<u>North America</u>	<u>Europe</u>	<u>Asia</u>	<u>South America</u>	<u>Africa</u>	<u>Australasia</u>
Experts: 4,023	Experts: 4,330	Experts: 1,291	Experts: 74	Experts: 8	Experts: 90
Locations: 43	Locations: 76	Locations: 39	Locations: 10	Locations: 2	Locations: 4

### Supporting financial advisers

Our award-winning Financial Adviser Services team look after the 5,000+ financial advisers who use our services and technology to run their businesses. With a record year for recruitment, the team handled more queries, support requests and onboarding training than ever before.

Across 2021, the team handled 48,609 calls, 10,703 support requests and 54,394 emails. Each of these requests will have helped a financial adviser push their business forward and believe there is no better service in the industry than the one we offer.

In addition to incoming support, our compliance team helped financial advisers by checking 2,845 cases and assisting with 940 returns – ensuring businesses grew and clients were always well cared for.

### Wealth Management Partners

After our best year for recruitment, we now have 875 True Potential Wealth Management Partners providing expert financial advice across the UK. These highly qualified advisers look after over £15.4 billion of client money.

We call our financial advisers 'Partners' because they truly are partners in our business. On joining, they adopt our technology, our investment Portfolios and our Hybrid Advice model. They are the representatives of True Potential around the UK and always ready to help clients, new and old, do more with their money.

Our advisers completed a record 77,900 annual reviews for clients in 2021, all through our bespoke technology, as well as 2,452 highly specialised Final Salary Pension transfers.

### Directly authorised firms

We also support over 4,000 financial advisers across 594 'Directly Authorised' UK advice firms.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Powered by True Potential

These firms offer a combination of our investment solutions and technology to their clients, whilst using our financial adviser technology to power their businesses.

Their reach means that True Potential supports around 20% of UK financial advisers and their clients – giving over 1 million people access to our Hybrid Advice model.

Our unique technology is built entirely in-house by our team of 40 specialist developers, giving us the power to release updates and build new features without reliance on any third parties. We're also able to use our wide network of clients and financial advisers to focus on creating what matters most to our users.

This year launched a full rebuild of our client technology, using the very latest standards to further improve security, stability and speed for clients. A key part of the launch was bringing our mobile apps and online accounts level in terms of features, meaning that whatever action a client wants to take can now be done on their preferred device.

Whether checking in on their investments, topping up with impulseSave®, getting in touch with our support teams or setting up new payments, clients can start and end the process entirely by app or online, bringing complete convenience to our service.

Clients logged into their accounts 5.4 million times in 2021, recording 45 million different page views with an average loading speed of less than 1 second.

impulseSave® had another record year, with 64,587 top ups for a total of £206 million, with 30% of these 'little and often' amounts below £50.

Digital Direct Offer, our paperless transfer system, celebrated its first anniversary with an impressive year – processing 30,011 transfers worth £2.6 billion for clients in 2021.

### *True Potential Rewards*

True Potential Rewards is the latest addition to our range of features helping clients do more with their money. Through Rewards, clients can earn money back when they shop online at over 500 retailers. This money can then be invested automatically, helping clients reach their goals faster, or withdrawn as cash.

After a successful first year's trial with our Direct and Workplace Pension clients, True Potential Rewards is now available to every client with a True Potential Investment.

In the first month since launch, clients made over 1,000 Rewards transactions worth over £72,000.

### *Financial adviser technology*

In 2021 we also celebrated the first anniversary of vNext, our next generation financial adviser software. Built in-house by our expert developers, vNext is a seamless tool for financial advisers to run their business, service clients and make the most of every opportunity.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### *Financial adviser technology (continued)*

Since launch, 5,134 financial advisers and support staff have used vNext, logging in viewing 45 million pages. Thanks to our focus on security, stability and speed, the current average page load time is just 1.4 seconds.

### **Community impact**

We have always believed in using our success to help others, not only the financial advisers and clients we look after but the wider community around us too. Our goal is to help people ‘do more’ with their lives – by offering opportunities to those who may not otherwise find them.

### *Social mobility*

In April 2018, True Potential became one of the first signatories to the national Social Mobility Pledge, which was co-founded by our chairman, David Harrison.

More than 600 organisations representing over seven million employees have since signed up, including John Lewis, Marks & Spencer, BP, ITV, BT, Adidas and Direct Line Group. The Pledge commits businesses to working with schools, offering apprenticeships and adopting fair recruitment policies.

The latter point means that a person’s upbringing should not influence hiring decisions. To achieve this, we use an approach known as name-blind recruitment. This is an extra safeguard against the risk of unfair bias for one candidate over another.

Both new starters and long-serving staff have the opportunity to progress in any area of the business – through our dedicated ‘Academies’ for financial advice and technology development.

In 2021, 36 of our Head Office staff gained new qualifications and we employ 15 former apprentices. Many of these had little to no experience in the fields they are now qualified to practice.

### *Financial education*

We know that limited personal finances, and a poor understanding of money management, can be detrimental to social mobility and financial sustainability.

Becoming financially resilient better enables individuals to approach their career with a long-term perspective and keep progress on track without the distraction of unmanageable debt or falling behind on payments.

Funding and completing training and educational courses may also require financial savviness and access to savings. To help address this, we launched a series of free money management courses in partnership with the Open University in 2013.

One million people across the UK have taken part in the courses and in doing so have improved their own financial resilience.

### *Charitable giving*

Doing more for our local communities is one of our core beliefs and one that is shared by our employees too. For us, this is more than a financial payment, it is a commitment to help people take the next step in life.

Our charity partner, the Harrison Foundation, is a shareholder in our business. Therefore, as we grow, so too does our support for good.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Community impact (continued)

#### *Charitable giving (continued)*

We also set ourselves ambitious targets each month for raising money and contributing to organisations and charities that share our values.

Over the course of 2021 our staff and The Harrison Foundation raised and donated £400,000 to great causes. All the money raised by our staff is matched by the business, resulting in thousands of pounds donated to good causes every month.

We had some fun along the way, with events ranging from a sponsored leg waxing by our Customer Care team to the incredible achievement of Senior Partner Gregg Lang running the entire length of the UK in 12 months for Cash for Kids.

#### *Sustainable investing*

Our investment team understand that clients want to maximise returns in a way that is sustainable over many years and decades to come.

A key part of our approach is investing in areas we believe will produce sustainable long-term risk adjusted returns. In this respect, environmental, social and community impact factors are a core part of our investment process that is carefully designed to consider three principles:

- Incorporate sustainability issues into investment analysis and our overall decision-making
- Seek appropriate disclosure on sustainability issues from our investment manager partners
- Uphold and promote sustainability issues by working alongside our partners

We use the assessments provided by the United Nations Principles of Responsible Investment as an objective assessment measure for the fund managers we work with and how this is implemented into our portfolios.

We have partnered with leading asset managers who are at the forefront of change. These include managers who score A or better under UNPRI and managers who have been founding signatories of UNPRI since 2006.

#### *Environmental impact*

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

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

Since we launched our Digital Direct Offer service in March 2020, we've saved close to 1 million pieces of paper by taking our business 98% digital.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Our awards

2021 was another award-winning year for us at True Potential.

We started the year with the great news that True Potential Investor was named ‘Best for Digital ISAs’ in the ‘Best Buys 2021 Awards’ by Boring Money.

We were then named the ‘Best Fund Platform’ at the City of London Wealth Management Awards 2021, where we were also highly commended in both ‘Best Market Newsletter’ and ‘Online/Mobile Access’ categories.

In March, we were delighted to be named a “Digital Process Champion” by NextWealth which recognised the True Potential Platform as requiring the fewest paper forms at only 2% of all processes.

At the UK Platform Awards 2021, we were very proud to take home two awards. We topped the voting for both Best Platform Service and Best Platform Provider.

Later in the year, we also won Best SIPP Provider at the Money Marketing Awards 2021, where the judges praised our support throughout lockdown, technology advances and service to financial advisers and clients.

While we always focus on providing the best service first and foremost, these awards are great industry recognition of the effort our teams put in throughout the year. We look forward to more award-winning success in 2022.

### Financial Report

#### *Review and discussion of KPIs*

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

	2021	2020
	£'000	£'000
Gross new sales	6,502	4,210
Assets under management	20,666	13,908

#### *Earnings before interest, taxes, depreciation and amortisation reconciliation*

	2021	2020
	£'000	restated £'000
Profit before taxation	63,245	19,517
Add back: Interest payable	40,241	33,628
Add back: Amortisation, impairment and depreciation	28,568	20,878
Earnings before interest, taxes, depreciation and amortisation	132,054	74,023

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Financial Report (continued)

#### *Review and discussion of KPIs (continued)*

The board considers the key performance indicators to be the following;

- Gross new sales – represents the new investment and pension sales to the True Potential Investments platform
- Assets under management – represents the total client assets under management on the True Potential Investments platform
- Earnings before interest, taxes, depreciation and amortisation (EBITDA)

#### *Gross new sales*

Gross new sales for the period 1 January 2021 to 31 December 2021 is £6.5 billion, up 54% from £4.2 billion over the same period for 2020. The board is satisfied with the performance of the business, in line with business plan expectations. As discussed in the strategic report (page 3, Chief Executive's Report) the Group has seen continued, consistent year on year growth.

#### *Assets under management*

Assets under management for the period ending 31 December 2021 is £20.7 billion, up 49% from £13.9 billion at 31 December 2020. The gross new sales underpin the growth in assets under management. The board is satisfied with the performance of the business, in line with business plan expectations. As discussed in the strategic report (page 5, investment management) the Group has seen continued, consistent year on year growth.

#### *Earnings before interest, taxes, depreciation and amortisation (EBITDA)*

EBITDA for the period 1 January 2021 to 31 December 2021 was £132.1 million, up 79% from £74 million over the same period for 2020. A reconciliation of profit before taxation to EBITDA is provided for reference to the reported consolidated profit and loss (page 31). The board is satisfied with the performance of the business, in line with business plan expectations. As noted in the Chairman's report (page 2) the Group has seen continued, consistent year on year growth.

The Group's financial position at the year-end include the following key accounting judgements and estimates.

#### *True Potential Investments LLP ('TPI') - Performance fee*

The performance fee is recognised on an accruals basis when it is probable that future economic benefits will flow to the entity. The performance fee accrual was reviewed and assessed by management for the year ended 31 December 2021, taking into account the below criteria;

- Length of time from reporting date to fund year end (30 April 2022): 4 months
- Headroom between weighted average unit price and the high watermark at 31 December 2021 was 3%.

In conclusion, with still 4 months of the fund year remaining from the year end until crystallization and only 3% growth over the highwater mark management feel that the risk is too great to determine that future economic benefits are probable and therefore a performance fee accrual has not been recognised in the period.

#### *True Potential Wealth Management LLP ('TPWM') - Customer relationships*

As noted above 273 new advisers joined TPWM in 2021, transferring the clients under advice service to the Firm. For certain of these clients, TPWM purchased the client relationship. The value of these customer relationships purchased is recognised as an intangible asset.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Financial Report (continued)

#### *True Potential Wealth Management LLP ('TPWM') - Customer relationships (continued)*

Intangible assets recognised in TPWM increased from £216 million at 31 December 2020 to £386.4 million at 31 December 2021. This increase largely accounted for the total Group intangible assets excluding goodwill increase from £250.2 million (restated see note 7) at 31 December 2020 to £416.3 million at 31 December 2021.

Management are satisfied that the carrying value of intangible assets is supported by the future benefits of the client relationship.

Where advisers have joined the Group and continue to provide the ongoing service to clients, loan payments may be made based on the value of client assets transferred by the adviser. The loans are recognised in debtors receivable after more than one year; at 31 December 2021 this loan balance was £26.4 million (2020: £5.9 million). Management closely monitor the recoverability of these loans and consider the risk of default on repayment to very low.

#### *True Potential Group Limited - Fair Value of investment*

The assessment of fair value is based on a Directors' valuation. For the year ended 31 December 2021, a fair value has been established as £1,815 million. This results in a fair value movement of £131 million being recognised through the profit and loss of True Potential Group Limited.

#### *Going concern*

The Group consolidated statement of financial position shows a net liability position of £153.9 million (2020: £170.8 million), however, based on the Director's assessment there are sufficient cash resources and financing available to meet ongoing operational and capital requirements.

Management have carried out a going concern assessment taking into account a number of scenarios that could occur on the conclusion of the transaction. The analysis confirmed the Group's current and forecast liquidity position would enable the Group to operate for at least 12 months from the date of signing the consolidated financial statements. Having due regard to these matters and after making appropriate enquiries, management have a reasonable expectation that the Group has adequate resources to remain in operation for at least 12 months after the approval of these financial statements. The Board have therefore continued to adopt the going concern basis in preparing the consolidated financial statements.

#### *Dividends*

Dividends paid are determined by the Managing Board. Interim dividends paid for the year are £28.2 million (2020: £14.0 million). No final dividends will be paid.

# True Potential Group Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Financial Report (continued)

#### 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 helps to protect our clients and our business.

The group is exposed to financial risks. The group has limited exposure to credit risk as all debtors are converted into cash within a short period of time, with the exception of the adviser loan payments where recoverability is monitored closely. The group is highly cash generative and retains sufficient cash balances to reduce the exposure to liquidity risk/cash flow risk. The group manages exposure to price risk, credit risk, liquidity risk and cash flow risk by completing detailed forecasting and by continuous examination of both the trading marketplace and current economic climate. The group is exposed to interest rate risk on the debt balances held. The group mitigates against interest rate risk with an interest rate cap against 37% of group borrowings at a LIBOR rate of 2.0%, in place to December 2022. The Directors believe that a low interest rate environment will persist and any rises in future will be gradual.

Another risk that the Group faces is cyber risk, this is monitored on a daily basis via the 24/7 security operations centre. There are multiple layers of protection in place including ongoing awareness training for all staff.

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

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

Our business model, which saw us succeed and grow last year despite the pandemic, has enabled us to continue strongly over the period ended 31 December 2021 with record-breaking results across the board. Our focus now turns to 2022 as we continue to service and support our financial advisers and every one of our clients.

Risk of reputational damage impacting all stakeholders is a likely consequence of any of our principal risks arising.



Neil Johnson  
Senior Partner  
27 April 2022

# **True Potential Group Limited**

## **Strategic Report for the year ended 31 December 2021 (continued)**

### **Section 172 statement**

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

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

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

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

### ***Customers***

The Company prides itself on anticipating the needs of the customers it serves so that it can deliver a differentiated customer experience. Various methods are utilised to understand customer needs and feedback including online surveys and customer care calls. We also gather feedback from financial advisers, employers and accountants using our systems. This feedback is collated and reviewed at management and board level to agree actions to improve our service.

The Group operates a robust compliance framework to ensure high-quality service is maintained, providing the best possible client outcomes. This includes reviewing the client’s value for money, though engagement with technology, service provided and product pricing. The Group further discusses its interaction via expert financial advice and investment management solutions with customers in the strategy report pages 5 to 7.

### ***Regulators***

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

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

# **True Potential Group Limited**

## **Strategic Report for the year ended 31 December 2021 (continued)**

### **Section 172 statement (continued)**

#### ***Shareholders***

The Directors understand their duty to act fairly between different shareholders as required by UK company law. Shareholder contact is the responsibility of the executive directors who manage and develop the Group's shareholder relationships with all shareholders. They conduct a comprehensive programme of update meetings, particularly following the release of annual results, and trading updates. The Board aim create value for all shareholders by generating strong and sustainable results.

#### ***Community***

Profitability enables True Potential to fulfil the second part our purpose, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared close to £400,000 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. The community impact and interaction of the Group is discussed further in pages 9 to 10.

# True Potential Group Limited

## Directors' report for the year ended 31 December 2021

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

### 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 (Resigned 21 January 2022)

Daniel Harrison

Earl Glasgow (Resigned 21 January 2022)

George Peebles (Non-executive)

Peter Coward (Non-executive) (Resigned 21 January 2022)

Rebecca Abrey (Appointed 21 January 2022)

Jodi Balfe (Appointed 21 January 2022)

Caspar Berendsen (Appointed 21 January 2022)

Andrea Bertolini (Appointed 21 January 2022)

Samy Jazaerli (Appointed 21 January 2022)

### Principal activities

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

### Review of Business

£6.5 billion of new client money was invested onto the True Potential Platform, a 55% increase from 2021. As 31 December 2021, we administer £20.7 billion of client money, and invest and manage £18.3 billion of this in True Potential Funds.

This growth in sales has ensured an equally strong growth in turnover and profit. Our turnover jumped £100 million to £281 million, profit before taxation increased to £63.2 million (2020: £19.5 million) and EBITDA grew by 79% to £132 million.

### Streamlined Energy and Carbon Reporting

The following Streamlined Energy and Carbon Report (SECR) provides environmental impact information in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

### Application

The information is presented on behalf of True Potential Group Limited and is contained within the financial statements of the company as it meets the criteria of a large company (per sections 465 & 466 of the Companies Act 2006). The information disclosed reflects 100% of energy and emissions of the Group arising within the UK. As there is no reasonable basis to allocate energy and carbon usage to the Company due to the shared use of facilities and resources across the True Potential Group within the UK, no Company specific information is presented.

The measurement period of the report is 1 January 2021 to 31 December 2021 as this aligns to the financial year.

# True Potential Group Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Streamlined Energy and Carbon Reporting (continued)

#### Data collection and processing

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

Utility consumption data is primary data summated from copies of gas and electricity bills. All billings have been based on real reads so data quality is high. The utility data was converted using UK Government GHG Conversion Factors for Company Reporting for the year 2021.

#### Energy and Emissions

This table shows the total energy and emissions for the Group for the period 1 January 2021 to 31 December 2021, alongside comparable figures for the period 1 January 2020 to 31 December 2020.

		2021		2020	
Fuel type		Total kWh	Emissions tCO <sub>2</sub> e	Total kWh	Emissions tCO <sub>2</sub> e
Scope 1	Natural Gas	229,826	42.09	193,935	35.66
Scope 2	Grid Supplied Electricity	507,285	107.71	501,043	116.81
Total Global Energy use and emissions (100% UK)		737,111	149.81	694,978	152.47

Intensity ratios	2021 intensity ratio		2020 intensity ratio	
By number of employees	2021 employees	tCO <sub>2</sub> e /employee	2020 employees	tCO <sub>2</sub> e/employee
	383	0.39	168	0.91

		2021			2020
		Emissions tCO <sub>2</sub> e			Emissions tCO <sub>2</sub> e
Scope 1		42.09	Scope 1		35.66
Scope 2		107.71	Scope 2		116.81
Total		149.81	Total		152.47

#### Energy efficiency

The Group has adopted a hybrid working approach following the 2 years of lockdown on the back of the COVID pandemic. Also, we have undertaken a full refit of the Group head office with state of the art fixtures and fittings to future proof for the new hybrid working approach.

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

# True Potential Group Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Streamlined Energy and Carbon Reporting (continued)

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

Since we launched our Digital Direct Offer service in March 2020, we've saved close to 1 million pieces of paper by taking our business 98% digital.

The energy usage figures show total kWh increase to 737,111 in 2021, from 694,978 in 2020. This increase is expected as a result of the return to office work for all team and the end of the government imposed COVID lockdowns and work from home advice. One intensity ratio has been selected, this is the annual headcount for the company to demonstrate the energy use and emissions per employee. As head count increased in 2021 and our hybrid working approach was adopted, this has led to a decrease in the intensity ratio to 0.39 tCO<sub>2</sub>e per employee down from 0.91 tCO<sub>2</sub>e per employee in 2020. We are also seeing a positive impact from the low-energy lighting installed with the office refurbishment.

### Future developments

#### *Private equity investment*

In September 2021 True Potential agreed to sell a majority stake in the business to Cinven, an international private equity firm. The investment will enable the Group to continue its double digit growth in the financial services sector and to develop further its industry-leading investment technology platform.

Following the Group's agreement to sell a majority stake in the business to international private equity firm, Cinven, in September 2021, the completion of the transaction was subject to 2 conditions;

- HMRC tax clearance confirmation – confirmed 24 November 2021
- Successful application of change of control with the Financial Conduct Authority (FCA) – approved 21 December 2021

Having met both of these conditions it was agreed with Cinven that the date of completion would be 21 January 2022. On completion of the transaction Kane Bidco Limited, a Jersey incorporated company, became the new parent of the Group.

The change of control repayment clause was triggered as per the financing agreement with Ares. A total repayment was made of £615 million including principal, interest and break costs. The repayment was funded through equity issued to the new parent of the Group, Kane Bidco Limited.

For the period from 21 January 2022 to 2 February 2022 Kane Bidco Limited had an interim bridge finance facility in place of £675 million and £100 million interim revolving credit facility. The interim bridge facility and interim revolving credit facility have been refinanced by the issuance 5 year of £700 million senior secured high yield notes and £100 million multicurrency super-senior revolving credit facility. (See note 21).

# True Potential Group Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Future developments (continued)

#### *Ukraine/Russia situation*

Sadly, the Russian/Ukraine war continues to worsen. The backdrop has been changing rapidly, leading to changes in market sentiment and asset prices. The past few weeks have highlighted the lack of insight into the geopolitical scenarios and potential outcomes regarding the war in Ukraine. The market environment has been characterised by volatility, driven by sentiment. In as much that the direction of moves can be rationalised, the magnitudes have been extreme. Ukraine and Russia are significant producers of a range of commodities. This has led to sharp price increases, as significant supply disruption is anticipated.

With this backdrop we expect market volatility to continue. We also know from history this will generate positive and negative market movements very similar to that currently being experienced. Although difficult to say, given the backdrop, market volatility also presents opportunities for our managers.

In response we have seen our managers alter positioning in Europe, rotating equity exposure into the US and large cap, adding to sovereign bonds and continued use of alternatives in our Portfolios. These are changes within the funds held in our Portfolios highlighting the requirement for robust investment construction at the outset (see note 21).

### Employee policies

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

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

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

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

# True Potential Group Limited

## Directors' report for the year ended 31 December 2021 (continued)

### Directors' responsibilities statement (continued)

- 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**

27 April 2022

**True Potential Group Limited**

**Registered number 09917444**

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2021; the consolidated profit and loss account, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended; the statement of accounting policies; and the notes to the financial statements.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

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

## Report on the audit of the financial statements (continued)

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

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

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

### Report on the audit of the financial statements (continued)

#### Responsibilities of the directors for the financial statements (continued)

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.

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

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

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

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

## Report on the audit of the financial statements (continued)

### **Auditors' responsibilities for the audit of the financial statements (continued)**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

27 April 2022

# True Potential Group Limited

## Consolidated profit and loss account for the year ended 31 December 2021

		2021	2020
			Restated
	Note	£'000	£'000
<b>Turnover</b>	1	<b>281,017</b>	184,901
Cost of sales		<b>(101,460)</b>	(76,402)
<b>Gross profit</b>		<b>179,557</b>	108,499
Administrative expenses		<b>(60,502)</b>	(39,927)
<b>Operating profit before goodwill amortisation</b>		<b>119,055</b>	68,572
Goodwill and brand amortisation	3	<b>(15,427)</b>	(15,427)
<b>Operating profit</b>	3	<b>103,628</b>	53,145
Interest payable and similar expenses	4	<b>(40,241)</b>	(33,628)
<b>Profit before taxation</b>		<b>63,387</b>	19,517
Tax on profit	5	<b>(18,346)</b>	(7,310)
<b>Profit for the financial year</b>		<b>45,041</b>	12,207

All operations are continuing.

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

See note 7 for restatement in prior year.

# True Potential Group Limited

## Consolidated balance sheet as at 31 December 2021

	Note	2021	2020
		£'000	Restated £'000
<b>Non-Current Assets</b>			
Goodwill	7	47,561	57,938
Intangible assets	7	416,307	250,213
Tangible assets	8	3,040	1,608
Debtors: amounts receivable after more than one year	10	26,397	5,919
		<b>493,305</b>	<b>315,678</b>
<b>Current assets</b>			
Debtors: amounts receivable within one year	11	37,135	33,777
Cash at bank and in hand	16	28,469	23,848
		<b>65,604</b>	<b>57,625</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(86,039)</b>	<b>(96,504)</b>
<b>Net current liabilities</b>		<b>(20,435)</b>	<b>(38,879)</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(626,773)</b>	<b>(447,593)</b>
<b>Net liabilities</b>		<b>(153,903)</b>	<b>(170,794)</b>
<b>Capital and reserves</b>			
Called up share capital	14	26	26
Revaluation reserve		18	18
Accumulated losses		(153,947)	(170,838)
<b>Total shareholders' deficit</b>		<b>(153,903)</b>	<b>(170,794)</b>

The prior year restatement is in relation to the reclassification of borrowing costs previously capitalised as "Other Intangibles" to "Amounts owed to group companies". (See note 7)

These financial statements on pages 26 to 56 were approved by the board of directors on 27 April 2022 and are signed on their behalf by:



Daniel Harrison  
Director



Neil Johnson  
Director

27 April 2022

Registered number 09917444

# True Potential Group Limited

## Consolidated statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Other Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2021	26	18	(170,838)	(170,794)
Profit for the year	-	-	45,041	45,041
Dividend paid	-	-	(28,150)	(28,150)
<b>Balance as at 31 December 2021</b>	<b>26</b>	<b>18</b>	<b>(153,947)</b>	<b>(153,903)</b>

	Called up share capital £'000	Other Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2020	26	18	(182,642)	(182,598)
Prior year adjustment	-	-	13,597	13,597
Balance as at 1 January 2020 restated	26	18	(169,045)	(169,001)
Profit for the year	-	-	12,207	12,207
Dividend paid	-	-	(14,000)	(14,000)
<b>Balance as at 31 December 2020</b>	<b>26</b>	<b>18</b>	<b>(170,838)</b>	<b>(170,794)</b>

The prior year adjustment is in respect of a reduction in the deferred tax charge in 2019 by £13.6m offset by an equal and opposite increase in the deferred tax charge in 2020. This adjustment is in respect of a deferred tax charge that was recognised in 2019 and reversed in 2020. The reversal in 2020 was incorrectly treated as an in period adjustment rather than a prior year adjustment. There is no impact on the closing deferred tax liability at 31 December 2020.

# True Potential Group Limited

## Company balance sheet as at 31 December 2021

		2021	2020
	Note	£'000	Restated £'000
<b>Non-Current Assets</b>			
Investments	9	1,814,907	913,375
		<b>1,814,907</b>	913,375
<b>Current assets</b>			
Debtors: amounts receivable within one year	11	2,663	1,702
Cash at bank and in hand		63	302
<b>Current assets</b>		<b>2,726</b>	2,004
<b>Creditors: amounts falling due within one year</b>	12	<b>(413,578)</b>	(443,602)
<b>Net current liabilities</b>		<b>(410,852)</b>	(441,598)
<b>Creditors: amounts falling due after more than one year</b>	13	-	-
<b>Net assets</b>		<b>1,404,055</b>	471,777
<b>Capital and reserves</b>			
Called up share capital	14	26	26
Revaluation Reserve		770,553	-
Retained earnings		633,476	471,751
<b>Total shareholders' funds</b>		<b>1,404,055</b>	471,777

The prior year restatement is in relation to the reclassification of borrowing costs previously capitalised as "Other Intangibles" to "Amounts owed to group companies". (See note 7).

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 profit for the financial year 2021 was £189,875,679 (2020 restated loss: £103,574,784). The prior year loss is restated for two items. Firstly, to adjust for the amortisation recognised in 2020 on the capitalised borrowing costs amounting to £2,999,823 which were incorrectly treated as intangible assets in the prior year. Secondly, to recognise profit from subsidiaries through the profit and loss account which had previously been incorrectly recognised through reserves £77,572,751. This adjustment has had no impact on the closing retained earnings or total equity at 31 December 2020. These financial statements on pages 26 to 56 were approved by the board of directors on 27 April 2022 and are signed on their behalf by:



Daniel Harrison  
Director



Neil Johnson  
Director

27 April 2022

Registered number 09917444

# True Potential Group Limited

## Company statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Other Reserves £'000	Retained Earnings £'000	Total equity £'000
Balance as at 1 January 2021	26	-	471,751	471,777
Profit for the year	-	-	189,875	189,875
Revaluation	-	770,553	-	770,553
Dividend paid	-	-	(28,150)	(28,150)
<b>Balance as at 31 December 2021</b>	<b>26</b>	<b>770,553</b>	<b>633,476</b>	<b>1,404,055</b>

	Called up share capital £'000	Other Reserves £'000	Restated Retained Earnings £'000	Restated Total equity £'000
Balance as at 1 January 2020	26	18	589,325	589,369
Loss for the year	-	-	(103,574)	(103,574)
Revaluation	-	(18)	-	(18)
Dividend paid	-	-	(14,000)	(14,000)
<b>Restated balance as at 31 December 2020</b>	<b>26</b>	<b>-</b>	<b>471,751</b>	<b>471,777</b>

The prior year loss has been restated to £103.6 million (previously reported £141.2m) following the profit distributed from True Potential LLP ('TPLL') being recognised as income in the profit and loss account of the Company, rather than being recognised directly in equity. This adjustment has no impact on closing retained earnings or total equity.

The current year profit of £189.9 million includes £77.6 million of profit distributed from TPLL.

# True Potential Group Limited

## Consolidated statement of cash flows for the year ended 31 December 2021

		2021	2020 Restated
		£'000	£'000
<b>Net cash from operating activities</b>	15	<b>61,350</b>	38,369
Taxation paid		<b>(18,971)</b>	(9,338)
<b>Net cash generated from/used in operating activities</b>		<b>42,379</b>	29,031
<b>Cash flow on investing activities</b>			
Purchase of tangible assets		<b>(2,238)</b>	(253)
Proceeds from sale of tangible fixed assets		-	396
Purchase of intangible assets		<b>(118,852)</b>	(73,806)
Proceeds from sale of intangible fixed assets		<b>634</b>	1,092
Reclassification		-	348
<b>Net cash generated used in investing activities</b>		<b>(120,456)</b>	(72,223)
<b>Cash flow from financing activities</b>			
Increase in Senior Finance Loan		<b>143,378</b>	88,931
Interest on Finance Loan		<b>(35,315)</b>	(30,216)
Increase/(decrease) in Finance Loan		<b>2,785</b>	(375)
Dividends paid		<b>(28,150)</b>	(14,000)
<b>Net cash generated from financing activities</b>		<b>82,698</b>	44,340
<b>Net increase in cash and cash equivalents in the year</b>	16	<b>4,621</b>	1,148
Cash and cash equivalents at the beginning of the year		<b>23,848</b>	22,700
<b>Cash and cash equivalents at the end of the year</b>		<b>28,469</b>	23,848

The purchase of intangible assets shows the cash payments made to acquire intangible assets, this has been restated in 2020. See note 7 for a reconciliation to intangible assets additions.

# True Potential Group Limited

## Statement of accounting policies

### General Information

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

The company is a private company limited by shares and is incorporated in England, UK. The address of its registered office is Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX.

### Statement of compliance

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

### Basis of preparation

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

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

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

### Going Concern

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

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

# True Potential Group Limited

## Statement of accounting policies (continued)

### Going Concern (continued)

On 21 January 2022 a transaction with international private equity firm, Cinven, was completed (See note 21).

### 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 2021. 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.

### Exemptions for qualifying entities under FRS 102

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

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

### Turnover

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

#### *True Potential Investment LLP ("TPI")*

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

The True Potential Growth Aligned Fund Range includes a performance fee that is payable to True Potential Investments if the unit price of the fund is above the high watermark, with the high watermark measured as the highest unit price at each previous 30th April. The performance fee is calculated as 10% of the fund unit price growth above the high watermark, any performance fee payable is accrued at a fund level on a daily basis.

The fair value of the consideration receivable represents the amount of the performance fee attributable to the True Potential Growth Aligned Fund Range. It is recognised on an accruals basis when it is probable that future economic benefits will flow to the entity. The recognition of the performance fee is subject to management's judgement around the following the probability of the fee being receivable after consideration of the following areas:

- Length of time to fund year end;
- Growth over the highwater mark; and
- Assessment of the equity and capital markets as well as the wider economy.

# True Potential Group Limited

## Statement of accounting policies (continued)

### Turnover (continued)

#### *True Potential Administration LLP (“TPA”)*

Turnover represents fees earned in respect of work carried out in the year in the ordinary course of business as an Authorised Corporate Director (“ACD”) providing fund administration to the TPI investment funds.

Turnover is recognised on an accruals basis and arises fully within the UK.

#### *True Potential Wealth Management LLP (“TPWM”)*

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 Adviser Services LLP (“TPAS”)*

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.

### Cost of sales

The principal cost of sales items are the advice fees due to financial advisers in TPWM and sub fund managers in TPI. Costs are recognised on an accruals basis, all other costs are charged to administrative expenses.

### Administrative expenses

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

### Goodwill

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

Positive goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet. 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.

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.

### Tangible assets

Tangible 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

# True Potential Group Limited

## Statement of accounting policies (continued)

### **Intangible assets and amortisation**

Intangible 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 assets less estimated realisable value by annual instalments over their expected useful lives. The rates applicable on a straight line basis are as follows:

Software Licences	10%
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Customer relationships - Amortisation is charged on an annual straight line basis over a period 20 years. Regular impairment reviews are carried out on the realisable value.

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

### **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.

### **Financial instruments**

#### *(i) Financial assets*

Basic financial assets, including other debtors, cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

#### *(ii) Financial liabilities*

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

# True Potential Group Limited

## Statement of accounting policies (continued)

### Financial instruments (continued)

#### *(iii) Investment in subsidiary undertakings*

Up to and including the financial year-end 2018, True Potential Group Limited (“TPGL”) valued its investments at historical cost less impairment. From the year-end 2019 True Potential Group Limited values its investments on a fair value basis, permitted under FRS102 para 9.26(b) in accordance with 17.15E and 17.15F. If an asset's carrying amount is increased, the increase shall be recognised in other comprehensive income and accumulated in equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in P&L.

The assessment of fair value is based on a directors' valuation. For the year ending 31 December 2021, fair value has been established as £1,815 million. This results in a FV movement of £131 million through the profit and loss of True Potential Group Limited and £771 million to other comprehensive income. The investment in subsidiary is a level 3 asset on the fair value hierarchy. Consideration has been given to the valuation methodology; market multiples, comparisons and metrics; and the normalised EBITDA position.

Given the majority investment from Cinven, which was ongoing at the 31 December 2021 (see note 21), the valuation agreed has been deemed an appropriate fair value of investment at 31 December 2021. This is consistent with the primary valuation method of EV/EBITDA (enterprise value/ earnings before interest, taxes, depreciation and amortisation) which has been considered against other valuation approaches. It has been considered the most appropriate valuation method given the structure of the business and with context to the business sector. Consideration has been given to the multiple used and the observable transaction in October 2019 (FTV share buy-back) provides support to the EBITDA multiple applied. Analysis has also been undertaken, comparing this against comparable listed firms in the industry. Any changes to this the methodology would have a material impact on the balances recognised in the True Potential Group Limited financial statements. The directors agree that the approach and valuation is appropriate.

The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future. The appropriateness of this valuation will be further assessed as at 31 December 2022.

### 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.

# True Potential Group Limited

## Statement of accounting policies (continued)

### Taxation (continued)

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

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

### Critical accounting judgements and estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and contracted rates, including expectation of future events that are believed to be reasonable.

The key estimates in preparing these financial statements are:

**i. Carrying value of intangibles**

Intangible assets represent the value of the customer relationships purchased by the firm, 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.

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

**ii. Useful economic life**

Intangible assets are amortised over their expected useful life of 20 years. Future results are impacted by the amortisation periods adopted, and potentially, may differ between expected and actual circumstances.

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

**iii. Carrying value of investments**

Investments values are reviewed annually for impairment by the company. Investments are valued on a fair value basis, the critical judgement is the valuation methodology supporting the fair value.

# True Potential Group Limited

## Statement of accounting policies (continued)

### Critical accounting judgements and estimation uncertainty (continued)

**iv. Debtors receivable after more than one year**

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

**v. Performance fee**

The performance fee accrual was reviewed for the year ended 31 December 2021 with the following being considered:

- Length of time from reporting date to fund year end crystallisation date (30 April 2022): 4 months
- Headroom between weighted average unit price and the high watermark at 31 December 2021 was 3%.

In conclusion, with 4 months of the fund year remaining from the financial year end until crystallization date, and only 3% growth over the highwater mark, management feel that the risk is too great to determine that future economic benefits are probable. Following this assessment management have determined that no performance fee is to be accrued in relation to the fund year ended 30 April 2022 in the current financial year.

The performance fee receivable at the crystallisation date of 30 April 2021, was £20,248,041 of which £10,871,728 was recognised in the year ending 31 December 2021 with £9,376,313 recognised in the year ending 31 December 2020.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021

### 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.

	2021	2020
	£'000	£'000
Provision of financial services	281,017	184,901

See pages 33-34 for the accounting policy.

### 2 Staff costs

The monthly average number of employees during the year was:

	2021	2020
	Number	Number
Management and administration	366	305

	2021	2020
Staff costs:	£'000	£'000
Wages and salaries	15,206	11,452
Social security costs	1,667	1,359
Other pension costs	317	258
	17,190	13,069

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

	2021	2020
	£'000	£'000
Aggregate emoluments	4,099	3,911

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 2 Staff costs (continued)

No emoluments were paid by the Company. The amounts in respect of the highest paid director are as follows:

	2021	2020
	£'000	£'000
Emoluments	1,293	1,231

### 3 Operating profit

This is stated after charging:

	2021	2020
	£'000	£'000
Depreciation of owned fixed assets	806	524
Amortisation of intangible assets	11,993	7,490
Impairment	342	-
Amortisation of goodwill and brand	15,427	15,427
Auditors' remuneration - audit of group financial statements	200	100
- non-audit – taxation services	28	27
- other assurance services	181	138
Operating lease rentals - land and buildings	383	525

	Year to 31 Dec 2020	Year to 31 Dec 2020 Restated
	£'000	£'000
Restated Profit and loss account items		
Administrative expenses	(42,489)	(39,927)
Interest payable and similar expenses	(31,066)	(33,628)
Tax on profit	6,287	(7,310)

The restatement on tax on profit is in relation to a prior year adjustment to a reduction in deferred tax charge in 2019 by £13.6 million. The reversal in 2020 was incorrectly treated as an in period adjustment, rather than a restatement of the prior period.

The restatement between administrative expenses and interest payable and similar charges is in relation to £2.6 million of amortisation charged through administrative expenses in the period ended 31 December 2020.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 4 Interest payable and similar expenses

	2021	2020
	£'000	Restated
		£'000
Interest payable on borrowings	40,241	33,628

### 5 Tax on profit

#### (a) Analysis of charge in year

	2021	2020
	£'000	Restated
		£'000
<i>Current tax:</i>		
UK corporation tax	17,814	7,540
Total current tax (note 5(b))		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(776)	(980)
Adjustments in respect of prior periods	(306)	-
Change in tax rates or laws	1,614	750
Total deferred tax charge/(credit)	532	(230)
Tax on profit	18,346	7,310

The prior year adjustment is in respect of a reduction in the deferred tax charge in 2019 (see note 3). The reversal in 2020 was incorrectly treated as an in period adjustment rather than a prior year adjustment. There is no impact on the closing deferred tax liability at 31 December 2020.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 5 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% (2020: 19%). The differences are reconciled below:

	2021	2020 Restated
	£'000	£'000
Profit before taxation	63,387	19,517
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	12,043	3,708
Effects of:		
Disallowed expenses and non-taxable income	292	133
Goodwill amortisation	-	-
Adjustments in respect of prior periods	-	(114)
Tax rate changes	1,614	750
Movement on intangibles	4,397	2,833
Brand amortisation	-	-
Total tax charge for the year (note 5(a))	18,346	7,310

#### (c) Factors affecting future tax charge

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

Legislation will be introduced in Finance Bill 2021 to set the charge to Corporation Tax and set the main rate of Corporation Tax for all non-ring fence profits to 19% for Financial Year 2022 and to set the charge to Corporation Tax and set the main rate at 25% for Financial Year 2023.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6 Deferred tax

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

	2021 £'000	2020 Restated £'000
Fixed asset timing difference	6,726	6,194
<b>Total</b>	<b>6,726</b>	<b>6,194</b>
<b>Movement in deferred tax liability during the year</b>	<b>£'000</b>	<b>£'000</b>
At 1 January	6,194	6,424
Deferred tax charged/(credited) to profit and loss account (note 5a)	532	(230)
<b>At 31 December 2021</b>	<b>6,726</b>	<b>6,194</b>

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Intangible assets and Goodwill

Group	Goodwill	Brand	Customer relationships	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
				<b>Restated</b>	
<b>At 31 December 2020</b>					
Cost	103,397	50,500	221,561	27,746	403,204
Accumulated amortisation	(45,459)	(22,304)	(5,811)	(5,457)	(79,031)
<b>Net book value</b>	<b>57,938</b>	<b>28,196</b>	<b>215,750</b>	<b>22,289</b>	<b>324,173</b>
Prior period adjustments					
Cost	-	-	-	(19,021)	(19,021)
Accumulated amortisation	-	-	-	3,000	3,000
<b>Net book value at 31 December</b>	<b>57,938</b>	<b>28,196</b>	<b>215,750</b>	<b>6,268</b>	<b>308,152</b>
<b>At 31 December 2021</b>					
Opening net book amount	57,938	28,196	215,750	6,268	308,152
Additions	-	-	182,176	1,936	184,112
Disposals	-	-	(634)	-	(634)
Amortisation	(10,377)	(5,050)	(10,935)	(1,058)	(27,420)
Impairment	-	-	-	(342)	(342)
<b>Closing net book value</b>	<b>47,561</b>	<b>23,146</b>	<b>386,357</b>	<b>6,804</b>	<b>463,868</b>

#### Other Intangibles

Borrowing costs incurred in 2019 by subsidiary undertaking True Potential LLP were incorrectly capitalised as an intangible asset in the Company. At the time of initial recognition, the asset was recognised with a corresponding intercompany liability and therefore the prior year has been restated to reclassify these costs from "Other intangibles" to "Amounts owed to group companies", reducing Creditors: amounts falling due in more than one year. The related amortisation was reclassified from Administrative expenses to Interest in True Potential LLP, resulting in a restatement of the prior year loss.

The remaining other intangibles balance includes costs incurred in the development of the True Potential Investments platform and other project developments.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Intangible assets and goodwill (continued)

#### Customer Relationships

True Potential Group's subsidiary True Potential Wealth Management LLP has continued its significant investment during the year ended 31 December 2021 in its intangible assets relating to customer relationships. This has resulted in amounts being capitalised in respect of customer relationships increasing from £215.8 million at 31 December 2020 to £386.4 million at 31 December 2021. We are building our customer relationships through our adviser recruitment programmes. By bringing new advisers and clients to True Potential Wealth Management we are able to increase the assets under management of our central advice team.

Under the terms of the customer relationship contracts implemented on the 1 October 2021, which was previously in place up to 31 March 2021;

- The total value of the intangible asset is recognised on day 1 when the contract is executed with a creditor recognised for payment within 12 months (see note 12)
- 100% of payments are released over the first 6 months of the contract, reducing the creditor balance to nil.

Under the terms of the contract from 1 April to 30 September 2021:

- The total value of the intangible asset is recognised on day 1 when the contract is executed with a corresponding creditor recognised for future payment. 50% is payable within one year (see note 12 - current customer relationships) and 50% payable after more than one year (see note 13 - non-current customer relationships).
- These terms were relevant to contracts signed between 1 April 2021 to 30 September 2021.

<b>Intangible asset additions cash reconciliation</b>	Note	<b>31 Dec 2021</b>	31 Dec 2020
		<b>£'000</b>	£'000
			Restated
Customer relationship additions		<b>182,176</b>	140,143
Other intangibles additions		<b>1,937</b>	2,871
Current customer relationships liability	13	<b>(32,829)</b>	(69,208)
Non-current customer relationships liability	14	<b>(32,432)</b>	-
<b>Payment to acquire intangible assets</b>		<b>118,852</b>	73,806

The payment to acquire intangible assets reflects the asset additions less the liability for payments yet to be made, presenting the cash payments in the period to acquire the intangible assets. Refer to the consolidated statement of cash flows on page 35 for total payments made to acquire intangible assets in the year.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Intangible assets and goodwill (continued)

Company	Other intangibles £'000 Restated	Total £'000
<b>At 31 December 2020</b>		
Cost	19,021	19,021
Accumulated amortisation	(3,000)	(3,000)
<b>Net book value at 31 December 2020</b>	<b>16,021</b>	<b>16,021</b>
<b>Prior period adjustments</b>		
Cost	(19,021)	(19,021)
Accumulated amortisation	3,000	3,000
<b>Net book value at 31 December 2020 restated</b>	<b>-</b>	<b>-</b>

Borrowing costs incurred in 2019 by subsidiary undertaking True Potential LLP were incorrectly capitalised as an intangible asset in the Company. At the time of initial recognition, the asset was recognised with a corresponding intercompany liability and therefore the prior year has been restated to reclassify these costs from “Other intangibles” to “Amounts owed to group companies”, reducing Creditors: amounts falling due in more than one year. The related amortisation was reclassified from Administrative expenses to Interest in True Potential LLP, resulting in a restatement of the prior year loss.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Tangible assets

During the year the Group incurred costs of £1.9m for carrying out refurbishments to head office. Costs held as tangible assets in True Potential LLP stated at cost (original purchase price) less accumulated depreciation.

Group	Fixtures, fittings and equipment £'000	Short Leasehold Buildings £'000	Total £'000
<b>At 31 December 2020</b>			
Cost	5,205	77	5,282
Accumulated depreciation	(3,602)	(72)	(3,674)
<b>Net book amount</b>	<b>1,603</b>	<b>5</b>	<b>1,608</b>
<b>At 31 December 2021</b>			
Opening net book amount	1,603	5	1,608
Additions	2,238	-	2,238
Depreciation	(803)	(3)	(806)
<b>Closing net book value</b>	<b>3,038</b>	<b>2</b>	<b>3,040</b>

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 9 Investment

Company	Subsidiary undertakings £'000
<b>Fair value</b>	
At 1 January 2021	913,375
Profit and Loss movement	130,979
Revaluation Reserve Account	770,553
<b>31 December 2021</b>	<b>1,814,907</b>

From the year-end 2019 True Potential Group Limited values its investments in subsidiary companies on a fair value basis, permitted under FRS102 para 9.26(b) in accordance with 17.15E and 17.15F, and has resulted in the financial statements providing reliable and more relevant information to the users of the financial statements.

The assessment of fair value is based on a Directors' valuation. For the year ended 31 December 2021, a fair value has been established as £1,815 million. This results in a fair value movement of £131 million being recognised through the profit and loss of True Potential Group Limited, and £771 million through other comprehensive income.

The investments have been valued by the Director's using a valuation method of EV/EBITDA (enterprise value/ earnings before interest, taxes, depreciation and amortisation) as an appropriate measurement of their fair value. This has been considered the most appropriate valuation method given the structure of the business and with context to the business sector. Consideration has been given to the multiple used, the observable transaction in January 2022 (Cinven investment) provides support to the EBITDA multiple applied. Analysis has also been undertaken, comparing this against comparable listed firms in the industry. Any changes to this the methodology would have a material impact on the balances recognised in the True Potential Group Limited financial statements. The Directors agree that the approach and valuation is appropriate.

The fair value will be assessed on the basis of a Directors' valuation at each balance sheet date in future. The valuation basis will be further assessed as at 31 December 2022.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 9 Investment (continued)

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:

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

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

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

Trem Holdings Limited net assets at 31 December 2021 were £222 (2020 : £222).

C&S Wealth Management Limited net assets at 31 December 2021 were £1,500,199 (2020: £1,500,199).

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 10 Debtors: Amounts receivable after more than one year

	<b>Group</b>	Group
	<b>2021</b>	2020
	<b>£'000</b>	£'000
Debtors: receivable after more than one year	<b>26,397</b>	5,919

Debtors receivable after more than one year represent the value of a loans issued to True Potential Wealth Management advisers to support our adviser recruitment programmes and build our customer relationships.

The value of the loans advanced to new True Potential Wealth Management advisers is based on the value of assets transferred, recognised at transaction cost. As at 31 December 2021 this loan balance was £26.4 million.

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

### 11 Debtors: Amounts receivable within one year

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Other debtors	<b>32,979</b>	30,658	<b>2,640</b>	1,600
Prepayments and accrued income	<b>4,156</b>	3,119	<b>23</b>	102
	<b>37,135</b>	33,777	<b>2,663</b>	1,702

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 12 Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 Restated
Trade creditors	881	2,775	-	36
Amounts owed to group undertakings	-	-	413,529	442,402
Other taxation and social security	1,940	2,703	7	1,164
Deferred tax	960	769	-	-
Pension contributions	69	52	-	-
Other creditors	34,173	11,747	-	-
Current customer relationships	32,829	69,208		
Finance loan	2,976	109	-	-
Accruals and deferred income	12,211	9,141	42	-
	<b>86,039</b>	<b>96,504</b>	<b>413,578</b>	<b>443,602</b>

Deferred tax is calculated at a rate of 25% on the difference between the accounting base and tax base of the Group's qualifying assets, this is the substantively enacted tax rate at the balance sheet date.

The Company prior year restatement is in relation to the reclassification of borrowing costs previously capitalised as "Other Intangibles" to "Amounts owed to group undertakings". (See note 7).

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 13 Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 Restated £'000	Company 2021 £'000	Company 2020 £'000
Super senior loans	33,400	33,400	-	-
Senior loans	525,066	378,578	-	-
Revolving Credit Facility	30,000	30,000	-	-
Deferred tax liability	5,766	5,425	-	-
Finance loan	109	190	-	-
Non-current customer relationships	32,432	-	-	-
	<b>626,773</b>	<b>447,593</b>	<b>-</b>	<b>-</b>

The finance loan is repayable in quarterly instalments over a period of 5 years.

#### Customer relationships

Customer relationships contains the amounts payable in relation to the increase in intangible assets recognised for customer relationships. This balance was generated from the contract available between 1 March 2021 and 30 September 2021 and represents 50% of the value of contracts which become payable when the option is exercised by the adviser at 24 months.

#### Super Senior Loans

The Group's financing facility includes a super senior loan of £33,400,000 (2020: £33,400,000). The super senior loan accrues interest monthly at LIBOR plus 2.75% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The super senior loans were repaid in full on 21 January 2022.

#### Senior Loans

The Group's financing facility includes senior loans of £525,066,467 (2020: £378,578,913). All senior loans accrue interest monthly at LIBOR plus 6.639% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The senior loans were repaid in full on 21 January 2022.

During the period borrowing costs incurred in 2019 in respect of the refinancing of the groups finance facilities have been reclassified from Intangible assets to Borrowings reducing the carrying value of the Senior Loans. See note 7 for further details.

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

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

The carrying value of borrowing costs incurred in 2019 in respect of the refinancing of the groups finance facilities at 31 December 2021 was £15,533,533 (2020: £16,021,087) These costs have offset the senior loans and are amortised to “interest or similar charges” over the life of the loan.

#### Revolving Credit Facility

The Group’s financing facility also includes a revolving credit facility of £30,000,000 (31 December 2020: £30,000,000). The revolving credit facility accrues interest monthly at LIBOR plus 2.75% on the drawn-down amount. A commitment fee of 35% of the interest margin is charged on the undrawn amount. The revolving credit facility was repaid in full on 21 January 2022.

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

The super senior loans, senior loans and revolving credit facility were fully repaid on 21 January 2022 on the completion of the Cinven transaction (see note 21).

### 14 Called up share capital

#### Group and Company

	2021	2020
	£'000	£'000
<b>Authorised</b>		
Ordinary shares of £0.00001 each	26	26
A preferred shares of £0.00001 each	-	-
<b>Total</b>	<b>26</b>	<b>26</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £0.00001 each	26	26
A preferred shares of £0.00001 each	-	-
<b>Total</b>	<b>26</b>	<b>26</b>

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 15 Notes to the statement of cash flows

#### Reconciliation of operating profit to net cash inflow from operating activities

	2021	2020
	£'000	£'000
<b>Profit for the year</b>	<b>45,041</b>	12,207
Tax on profit	18,346	7,310
Net interest expense	40,241	33,628
<b>Operating profit</b>	<b>103,628</b>	53,145
Depreciation	806	524
Amortisation	27,420	20,354
Impairment	342	-
Increase in debtors	(23,836)	(10,482)
Decrease in creditors	(47,010)	(25,172)
<b>Net cash inflow from operating activities</b>	<b>61,350</b>	38,369

### 16 Analysis of net funds

Analysis of changes in net funds	At 1 January 2021	Cash flow	At 31 December 2021
	£'000	£'000	£'000
Cash at bank and in hand	23,848	4,621	<b>28,469</b>
Net funds	23,848	4,621	<b>28,469</b>

# True Potential Group Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 17 Operating lease commitments

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

	2021	2020
	£'000	£'000
Within one year	450	450
Within two to five years	1,639	1,714
After five years	94	468
Total	2,183	2,632

### 18 Dividends

#### Dividends paid during the year

	2021	2020
	£'000	£'000
<b>Equity – ordinary</b>		
Interim paid £0.010263 pence (2020: £0.00543) per £0.00001 share	28,150	14,000
Total	28,150	14,000

### 19 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 material related party transactions in the year (2020: none).

### 20 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 2021 (continued)

### 21 Events occurring after the reporting period

#### *Private equity investment*

On 21 January 2022 Cinven acquired a 69% stake in the True Potential Group.

The investment will support the Group to continue its double digit growth in the financial services sector and to develop further its industry-leading investment technology platform.

Upon completion, the change of control repayment clause was triggered as per the financing agreement with Ares. A total repayment was made of £615 million including principal, interest and break costs. Break costs of £1.4 million were charged to the profit and loss account in 2022, along with £15.5 million of initial financing costs that were offset against the debt balances being costed over the length of the loans.

For the period from 21 January 2022 to 2 February 2022 the Group had an interim bridge finance facility in place of £675 million and £100 million interim revolving credit facility. The interim bridge facility and interim revolving credit facility have been refinanced by the issuance of a 5 year £700 million senior secured high yield notes and £100 million multicurrency super-senior revolving credit facility on 2 February 2022

#### *Ukraine/Russia situation*

Following the escalation of the war in Ukraine, the Group has undertaken an assessment of its exposure and have not identified any impact on reported financial information. The Group has no direct exposure or operations in Russia or Ukraine but will continue to monitor the situation.