Kane Bidco Limited

Annual Report and Financial Statements

For the year ended 31 December 2023

Jersey Registered Number: 137782

Kane Bidco Limited

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Table of Contents

Kane Bidco Limited

Directors and advisers for the year ended 31 December 2023

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Rebecca Hunter
Jodi Balfe

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Independent auditors
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Strategic Report for the year ended 31 December 2023

Introduction

Kane Bidco Limited ("the Company") is the sole equity investor in True Potential Group Limited. On consolidation, they form the Kane Bidco Group ("the Group"). The Company is a wholly owned subsidiary of Kane Midco Limited. Kane Bidco Limited is a holding company, with the purpose of holding the investment in the True Potential Group ("TPG") and financing its activities. The Group's principal activities are the provision of financial advisory and investment management services, and support services to retail investors and financial advisers.

Our Mission

As a leading digitally-led Group, our mission is to overcome the UK Advice Gap. We aim to help people across the UK do more with their money, by providing expert financial advice, exclusive investments, dedicated support and award-winning technology.

Today

Our blend of regulated financial advice and fully-integrated technology puts our clients firmly in control of their money. We work with 20% of UK financial advisers and provide products and technology to over 510,000 clients. We look after £28.5bn of assets invested on our True Potential Platform and by giving clients 24/7 access to their investments, they're empowered to take action throughout their journey.

Tomorrow

The need for expert financial advice and planning remains imperative for building long-term wealth, and it's our aim to help clients understand their own situation and retirement goals. Our use of industry-leading technology has allowed us to innovate and enabled clients to seamlessly track their investments as they progress towards their goals, accessing personal advice whenever they need to.

Beyond

Our role in looking after our clients doesn't just stop at retirement. We offer financial advice to help shape their family future and pass real wealth to the next generation. Our Inheritance Tax and Estate planning service links seamlessly with personal accounts for beneficiaries, as well as Junior ISA and Pensions to help clients secure their legacy.

Innovative solutions

Our services are underpinned by our proprietary, in-house technology and data. We have used this to create a pioneering approach of Advanced Diversification to investments, blending multi-asset strategies from a range of expert fund managers and finding opportunities for growth.

Through a year of continued market volatility, our team have worked hard to generate beneficial returns to our clients. The effort and resource we put into servicing clients is paramount to what we do, and the care we deliver is reflected in our 'Excellent' rating on Trustpilot.

Our in-house development team allows us to provide seamless integration and cohesion in our services to clients, with new developments and releases to power the end-to-end client journey. Annual Suitability Reviews have been rolled out in 2023, helping to create cutting edge personal finance tools to help clients do more with their money. By linking their bank accounts, we analyse spending habits and help set personal budgets to show ways that they can save more and reach their financial goals.

Strategic Report for the year ended 31 December 2023 (*continued*)

Portfolio performance

Our True Potential Portfolios are a suite of fully-diversified, discretionary-managed investment solutions. With wide exposure to world-class investment managers, as well as diversifying their investment by asset class and geographic region, our clients benefit from having more potential to grow their money and manage volatility, all in one Portfolio.

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

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

True Potential Portfolio	2023 performance	Annualised Cumulative growth Since Launch
True Potential Defensive Portfolio	4.39%	2.24%
True Potential Cautious Portfolio	6.02%	3.64%
True Potential Cautious + Portfolio	6.95%	3.77%
True Potential Cautious Income Portfolio	7.18%	4.39%
True Potential Balanced Portfolio	7.97%	4.98%
True Potential Balanced + Portfolio	8.07%	5.50%
True Potential Balanced Income Portfolio	8.27%	4.88%
True Potential Growth Portfolio	8.73%	6.60%
True Potential Growth + Portfolio	9.77%	6.58%
True Potential Aggressive Portfolio	9.64%	7.61%

True Potential funds launched on 1 October 2015

Financial Review

Summary

The Board monitors the financial performance of the Group by reference to the following key performance indicators ("KPIs") in addition to the statutory financial metrics reported in these financial statements to review against the Groups strategy of deployment of our hybrid advice model to UK investors. A reconciliation of earnings before interest, tax, depreciation and amortisation ("EBITDA") has been included in Note 9 alternate performance measures ("APMs") of these financial statements.

	Type	2023	2022	Variance
Gross inflows (£bn)	KPI – APM	6.2	6.7	(8.1)%
Assets under management (£bn)	KPI – APM	28.5	23.3	22.3%
Gross revenue (£'000)	Statutory	406,451	319,805	27.1%
Net revenue (£'000)	Statutory	278,722	213,733	30.4%
EBITDA (£'000)	APM	218,880	165,973	31.9%
Profit before tax (£'000)	Statutory	71,534	3,486	1,952.0%
Cash and cash equivalents (£'000)	Statutory	129,694	61,241	111.8%

Gross inflows

The Group defines gross inflows as client assets introduced and invested in the True Potential platform in the year and is not a statutory financial measure. Gross inflows for the year to 31 December 2023 were £6.2bn, 8.1% lower compared to 2022 against a backdrop of challenging market conditions. The Board are satisfied with the performance despite these conditions.

Assets under management

The Group defines assets under management ("AuM") as True Potential client assets invested on the True Potential platform and investment funds. AuM at the year ended 31 December 2023 were £28.5bn, up 22.3% from £23.3bn in 2022. The gross inflows underpin the growth in assets under management, despite significant market headwinds.

Gross revenue

The Group recorded its highest ever gross revenue at £406.5m, up 27.1% on the prior year. Advice fees reached £146.8m up 25.3% from £117.2m in 2022. Platform fees were also up 30.9% to £102.5m from £78.3m, along with Investment management fees up 27.3% to £153.4m from £120.5m, all directly linking to the increased AuM in the year.

Net revenue

Net revenue increased 30.4% in 2023 to £278.7m, giving a net revenue margin of 68.6% up from 66.8% in 2022. Net revenue margin equates to net revenue divided by revenue in the year, expressed as a percentage.

EBITDA

EBITDA for the year to 31 December 2023 was £218.9m up 31.9% from £166.0m in 2022 in line with the increase in net revenue. The Board is satisfied with the performance of the business.

Profit before tax

Statutory profit before tax has increased 1,952.0% to £71.5m in 2023. The increase is driven by the profitability of the Group as outlined above. Underlying performance was impressive given significant amortisation and interest charges of £68.6m and £75.2m respectively.

Client onboarding costs

The Group has added £185.6m to client onboarding costs in 2023, representing Management's best estimate of expected and actual payments for the onboarding of revenue contracts. There are initiatives in place to introduce new clients onto the True Potential platform and investment funds. Client onboarding costs are recognised on the date an agreement is made with financial advisers to transfer customer assets to the Group. The costs associated with this, payable to financial advisers, are recognised at a proportion of the customer assets expected to be transferred, being the incremental cost to the Group which would not be incurred if the revenue contract was not obtained. There is significant judgement in estimating the value and expected life of client onboarding assets. Customer fee rates, market growth assumptions, attrition of customers from the Group investments and services, the amortisation period on client onboarding costs and the discount rate applied to obtain a net present value ("NPV") of expected cashflows, form the important forward looking estimates. Management has concluded that no impairment exists at 31 December 2023.

Cash and cash equivalents

At 31 December 2023 the Group held £129.7m cash and cash equivalents, an increase of 111.8% compared to 2022, primarily to support FCA regulatory capital requirements. To ensure adequate returns on this cash, Management implemented a policy in the year to hold surplus funds in highly liquid money market funds, generating £2.3m of finance income in 2023.

External borrowings

Listed bonds were issued in 2023 amounting to £275.0m to support the growth objectives of the Group. The external debt held of the Group at 31 December 2023 was £1,022.0m (31 December 2022: £818.5m). Management assesses financial risks associated with Group borrowings and performs ongoing forecasting to ensure that the Group will continue to meet its commitments as they fall due. Management maintains relationships with external financial institutions and are well placed to secure additional funding if necessary to meet its objectives. Short term funding is available through utilisation of the revolving credit facility.

Interest income

The Group's business model is based on clients being fully invested. Any funds held by clients that have a cash allocation generating interest income will be paid back to the fund in full and then represent part of the investment returns received by clients. Other client cash balances held by the Group represent less than 1.0% of client assets and it is mainly cash in transit. Cash in transit is where funds are in the process of being invested or being held for payment out. These in transit balances are usually in client accounts for a short period of time. In line with our terms and conditions, the appropriate diversification of these balances, and the high level of bank base rates in 2023, the Group earned a small amount of interest income in the year, representing less than 1.0% of total gross income. The Group does not and has never seen making money on client cash balances as part of its business model. In 2024 the Group plans to enhance its approach to interest income in accordance with Consumer Duty and recent regulatory developments.

Exceptional items

Exceptional items are recognised in the Consolidated Statement of Comprehensive Income and are considered to be non-recurring and unusual in nature. In the year, costs of £4.3m were recognised in relation to the onboarding of Directors of TPG and settlement costs of the former Chairman of TPG. All exceptional costs were settled in the year and no further costs relating to this are expected in 2024.

Going concern

The Group financial statements for 2023 show a net asset position of £1,832.1m (2022: net assets £1,783.0m). Throughout 2023, the Group secured additional debt funding of £269.5m to support the growth strategy of the business. This additional financing along with current available facilities, cash at 31 December 2023 and the underlying cash generation of the business gives the Board confidence that there are sufficient resources available to meet ongoing operational and capital requirements.

Management has carried out a going concern assessment taking into account a number of scenarios that could occur on the conclusion of the transaction, including a material decrease in sales, material increase in attrition rates, material decrease in asset values and general change to the sentiment and appetite of the UK market for investment products and pension savings. The Group considers these scenarios to be remote and 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 financial statements. Having due regard to these matters and after making appropriate enquiries, management has 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 financial statements.

The Group's business model has enabled the Group to continue strongly over the period ended 31 December 2023 with record-breaking results. Focus now turns to 2024 as the Group continues to service and support its financial advisers and every one of its clients.

Principal risks and uncertainties

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

Risk of reputational damage is a potential consequence of any of our principal risks arising, which could impact the carrying value of assets on the Group Statement of Financial Position. Reputational damage could cause a sharp outflow of client assets from the True Potential platform, reducing the ability of the Group to generate income. However, Management consider that the chance of a significant reputational event to be remote, with such scenarios built in as plausible downsides when forecasting future Group performance.

The Group is exposed to financial risks. The Group holds significant external debt and must comply with debt covenants, resulting in credit risk on borrowings. Management monitor borrowing levels and covenant compliance requirements. Cash flow forecasting is used to ensure that covenants are and will continue to be met in future periods. Where new borrowing is considered, Management assesses the potential impact to covenant compliance and the cost of taking on new debt.

In 2023, the Group has limited exposure to credit risk on receivable balances, as significant receivables are expected to be converted into cash within a short period of time. The Group is highly cash generative which is used for investment and servicing debt. The Group retains sufficient cash balances to reduce the exposure to liquidity risk and cash flow risk. The Group manages exposure to price risk, credit risk, liquidity risk and cash flow risk by completing detailed forecasting and by continuous examination of both the trading marketplace and current economic climate.

Another risk that the Group faces is cyber risk, as a platform with £28.5bn (as at 31 December 2023) of client assets under management. This risk is monitored on a daily basis. 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 Group is exposed to inflationary risk in its cost base. The Group has mitigated this risk by fixing its energy costs and premises costs where possible.

The strategic report was approved by the Board of Directors and signed on its behalf on 26 April 2024 by:

Rebecca Hunter
Director
26 April 2024

Directors' Report for the year ended 31 December 2023

The Directors present their Report and audited Financial Statements for the year ended 31 December 2023.

Directors

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

Rebecca Hunter
Jodi Balfe

Principal activities

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

Future developments

The Group's future developments are set out in the Strategic Report.

Dividends

No dividends were paid or proposed in the year (2022: £nil).

Review of business

£6.2bn of new client money was invested onto the True Potential Platform, a 8.1% decrease from 2022. As at 31 December 2023, the Group administered £28.5bn of client money, and invested and managed £26.4bn of this in True Potential Funds.

Continued favourable sales has ensured a strong growth in revenue and profit. Gross revenue jumped £86.6m to £406.5m, profit before taxation increased to £71.5m (2022: £3.5m) and EBITDA grew by 31.9% to £218.9m.

Goodwill

Goodwill was recognised on acquisition of the True Potential Group Limited in 2022. Goodwill is subsequently held at cost and the carrying value at 31 December 2023 was £1,621.7m (31 December 2022: £1,621.7m) with no impairments recognised in the year (2022: nil). Impairment of goodwill is a critical accounting estimate, with the key judgements in the assessment being the Group discount rate, projections of future cash inflows and the long term growth rate.

Financial instruments

The financial risk management objectives and policies of the Group, including exposure to capital risk, credit risk, market risk, interest rate risk and liquidity risk are set out in Note 26 to the financial statements.

Subsequent events

No material events have occurred between the reporting date and the date of signing the financial statements.

Employees and employee engagement

The Group has a recruitment policy to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration in light of the applicants' aptitudes and abilities. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. Where employees develop a disability during their employment, every effort is made to continue their employment and arrange for appropriate training as far as is reasonably practicable.

The Group considers the interests of its employees in decision making. The Group continues to provide employees with developmental opportunities and a motivated workplace culture. We engage with our employees throughout the year with communication through team meetings and access to our social media content on what is happening in the industry. The Group also provides regular all-staff meetings where Senior Management update employees on business performance, new initiatives and progress against business objectives.

Statement of Directors' responsibilities in respect of the financial statements

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

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

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

Directors' Report for the year ended 31 December 2023 (*continued*)

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under Article 113(5) of the Companies (Jersey) Law 1991.

On behalf of the Board

Rebecca Hunter
Director
26 April 2024

Kane Bidco Limited
Jersey Registered Number: 137782

Independent auditors' report to the members of Kane Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kane Bidco 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 2023 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2023; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

Kane Bidco Limited ('Kane Bidco') is a holding company, with the purpose of holding the investment in the True Potential Group and financing its activities. The True Potential Group's principal activities are the provision of financial advisory, investment management services and support services to financial advisers and retail investors, operating solely within the United Kingdom. In planning for our audit of Kane Bidco, we met with the Audit Committee and members of management to discuss and understand significant changes to the business during the year, and to understand their perspectives on associated business risks. We used this insight, in addition to our prior year assessment of our audit approach, when forming our views regarding the business, as part of developing our audit plan and when scoping and performing our audit procedures.

Overview

Audit scope

- We conducted a full scope audit over the financial information of Kane Bidco Limited, True Potential LLP, True Potential Investments LLP and True Potential Wealth Management LLP. True Potential Investments LLP and True Potential Wealth Management LLP we concluded are significant components as each represents more than 15% of the profit before tax for the year of the Group. Kane Bidco Limited, and True Potential LLP make up a large proportion of at least 4 Group FSLIs, being between 5% and 15% of the total and greater than our Group performance materiality.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

- The adjustments made for the consolidation, including those for goodwill and intangible assets, are material for a number of financial statement line items ('FSLIs'), and we scoped these consolidation adjustments in as appropriate and performed audit testing.
- We also performed specific audit procedures on certain balances across all Group entities, for example, cash and cash equivalents.
- Our audit work accounted for more than 95% of Group revenue, more than 80% coverage of operating costs and and more than 85% coverage over total assets. Our audit scope provided sufficient and appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole.

Key audit matters

- Impairment of client onboarding costs (group)
- Impairment of goodwill and intangible assets (group)
- Impairment of investments in subsidiaries (parent)

Materiality

- Overall group materiality: £5,472,000 (2022: £7,170,884) based on 2.5% of earning before interest, tax, depreciation and amortisation ('EBITDA').
- Overall company materiality: £4,130,000 (2022: £17,867,044) based on 1% of Net assets - however we have capped the materiality for group reporting purposes.
- Performance materiality: £4,104,000 (2022: £5,378,163) (group) and £3,097,000 (2022: £13,400,283) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impairment of goodwill and intangible assets (group) is a new key audit matter this year. Accounting for the acquisition of True Potential Group Limited (group), which was a key audit matter last year, is no longer included because of the acquisition was completed in the prior year. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of client onboarding costs (group) Refer to Note 4 Revenue from contracts with customers (ii) Contract balances (Notes to Consolidated Financial Statements The group recognises client onboarding costs assets on the balance sheet, with a carrying value as at 31 December 2023 of £406m. Client onboarding costs represent the incremental costs to obtain a revenue contract under IFRS 15.The asset is amortised over the expected transfer of services to the customer, and as is required by IFRS 15, an impairment is recognised where the asset's value exceeds the remaining consideration to be received. Management performed their annual impairment review which demonstrated that there was sufficient headroom and no impairment was required. Management's impairment review used a discounted cash flow model to calculate the net value of the future consideration to be received. The model involved a number of estimates and key assumptions made by management including the attrition rate, growth rates and the discount rate.	We obtained management's impairment model and performed the following procedures: ● Tested management's client onboarding cost impairment model for compliance with IFRS 15 including validating the inputs to the calculation and assessing and challenging the reasonableness of the assumptions. ● We used our valuation experts to challenge the reasonableness of key assumptions used in management's model, namely the attrition rate, growth rates and discount rate. This included benchmarking the rates applied against historical data, third parties and independently established rates. ● Challenged management's projected cash flows used in the discounted cash flow model to determine whether they are reasonable and supportable, agreeing the initial cash flow start point to the financials under audit. ● Performed sensitivity analysis over key assumptions and assessed the impact and likelihood of these changes on the level of headroom in the model. ● Tested the mathematical accuracy of the model. ● Assessed the disclosures made in the group financial statements. No material issues were identified.
Impairment of goodwill and intangible assets (group) Refer to Note 14 Goodwill and other intangible assets (Notes to Consolidated Financial Statements) Goodwill and intangible assets of £2,579 million are recognised on the Group's balance sheet in respect of the acquisition of True Potential Group Limited during 2022. The goodwill is attributable to a single cash generating unit (CGU). Management is required by IAS 36 'Impairment of assets' to perform an annual impairment test in respect of the carrying value of goodwill. Management is also required by IAS 36 to conduct an impairment test in relation to intangible assets, where there is an indication of impairment. In respect of goodwill, management performed their annual impairment review which demonstrated that there was sufficient headroom and no impairment was required for the goodwill recognised on the acquisition of the True Potential Group. Management's impairment review used a discounted cash flow model to calculate the net value of the CGU's future earnings. The model involved a number of estimates and assumptions made by management including those related to growth rates and the discount rate. In respect of intangible assets, management performed an assessment and concluded there were no impairment indicators.	We obtained management's goodwill impairment review and performed the following procedures: ● Tested management's goodwill impairment model for compliance with IAS 36 including validating the inputs to the calculation and assessing and challenging the reasonableness of the assumptions. ● We used our valuation experts to challenge the reasonableness of key assumptions used in management's model, namely the discount rate and growth rates. This included benchmarking the rates applied against historical data, third parties and independently established rates. ● Challenged management's projected cash flows used in the discounted cash flow model to determine whether they are reasonable and supportable given the current macroeconomic situation and expected future performance of the CGU. ● Performed sensitivity analysis over key assumptions and assessed the impact and likelihood of these changes on the level of headroom in the model. ● Tested the mathematical accuracy of the model. ● Assessed the disclosures made in the group financial statements. We also obtained management's impairment indicators assessment in relation to the intangible assets. We challenged the basis for the conclusion, and considered any indication of impairment based on our understanding of the business and current market environment. No material issues were identified

Independent auditors’ report to the Members of Kane Bidco Limited *(continued)*

Impairment of investments in subsidiaries (parent) Refer to Note 3 Investments in subsidiaries (Notes to Company Financial Statements) Investments of £2,733 million are recognised on the company’s balance sheet in respect of the wholly owned subsidiary, True Potential Group Limited. Management is required by IAS 36 ‘Impairment of assets’ to perform an annual impairment review and consider if there are any impairment indicators in respect of the carrying value of the Investments. Management performed their annual impairment review which showed no indicators of impairment.	Our procedures in relation to management’s impairment assessment of the carrying value of investment in subsidiaries as at 31 December 2023 included the following: ● We obtained and assessed the completeness of impairment indicators noted by management. ● Assessed the investment in subsidiaries for any indication of impairment based on our understanding of the business and current market environment. ● Assessed the Net Asset Value of the investment in subsidiary against the carrying value. ● Assessed the disclosures of the financial statements. No material issues were identified.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured as one operating segment, being vertically integrated, offering financial advisory, investment management services and support services to financial advisers and retail investors. The Group is composed of the Company, incorporated in Jersey, and subsidiary entities in the United Kingdom. The Group is operated centrally from the United Kingdom.

The impact of climate risk on our audit

In planning our audit, we have considered the potential impact of climate change on the Group’s business and its financial statements. The Group continues to develop its assessment of the potential impacts and opportunities of climate change. Management concluded that there was no material impact on the financial statements. As a part of our audit, we have obtained management’s climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and management’s conclusion that there is no material impact on the Group’s financial statements. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or on our key audit matters for the year ended 31 December 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

	Financial statements - group	Financial statements - company
Overall materiality	£5,472,000 (2022: £7,170,884).	£4,130,000 (2022: £17,867,044).
How we determined it	2.5% of earning before interest, tax, depreciation and amortisation ('EBITDA')	1% of Net assets - however we have capped the materiality for group reporting purposes
Rationale for benchmark applied	We determined an EBITDA benchmark to be most appropriate. This is on the basis the group is financed by debt and the profit before tax is therefore impacted by substantial charges for interest costs. Based on our understanding of the industry, users of the accounts and the debt agreements, attention is focused on the group's reported earnings focusing on EBITDA (earnings before interest, tax, depreciation and amortisation), rather than profit before tax.	As a holding company which holds the debt of the group, we determine net assets to be the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £4,130,000 - £5,072,310. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £4,104,000 (2022: £5,378,163) for the group financial statements and £3,097,000 (2022: £13,400,283) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £266,964 (group audit) (2022: £358,544) and £206,000 (company audit) (2022: £893,352) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements.
- Checking the arithmetical accuracy of management's forecasts.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and the adequacy and appropriateness of the underlying assumptions used to make the assessment, and evaluating the directors' plans for future actions in relation to their going concern assessment.
- Assessing the appropriateness of the going concern disclosures by comparing them to management's assessment for consistency and for compliance with the relevant reporting requirements.

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.

Independent auditors' report to the Members of Kane Bidco Limited *(continued)*

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

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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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 regulatory principles, such as those governed by the Financial Conduct Authority, 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 (Jersey) Law 1991. 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 of inappropriate journal entries to increase revenue and management bias in the valuation and impairment of client onboarding costs and impairment of goodwill. Audit procedures performed by the engagement team included:

- Discussions with management, and review of relevant meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations against revenue accounts;
- Challenging assumptions made by management in their significant accounting estimates, including ensuring there is no management bias, in particular in relation to the valuation and impairment of client onboarding costs and impairment of goodwill;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- Reviewing any regulatory correspondence with the Financial Conduct Authority.

Independent auditors' report to the Members of Kane Bidco Limited *(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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 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 (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and proper returns.

We have no exceptions to report arising from this responsibility.

Natasha McMillan
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
26 April 2024

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	4	**406,451**	**319,805**
Fee expenses	5	(127,729)	(106,072)
Net revenue		**278,722**	**213,733**
Total administrative expenses	6	(129,945)	(101,571)
Exceptional items	7	(4,275)	(38,924)
Operating profit		**144,502**	**73,238**
Finance income	10	2,266	200
Finance costs	10	(75,234)	(69,952)
Profit before income tax		**71,534**	**3,486**
Income tax expense	12	(25,969)	(12,446)
Profit / (loss) for the year		45,565	(8,960)
Other comprehensive income / (expense)			
(Loss) / gain on cash flow hedges:			
(Loss) / gain on changes in fair value of hedging instruments during the period	23	(9,616)	11,248
Reclassification of gain / (loss) from OCI to profit or loss	23	13,072	(14,426)
Other comprehensive gain / (loss) for the year		3,456	(3,178)
Total comprehensive income / (expense) for the year		**49,021**	**(12,138)**

The notes on pages 21 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 December 2023
Jersey Registered Number: 137782

	Note	2023 £'000	2022 Restated £'000
ASSETS			
Non-current assets			
Goodwill	14	1,621,702	1,621,702
Intangible assets	14	851,689	906,885
Property, plant and equipment	15	3,404	4,569
Client onboarding costs	4	405,739	233,605
Financial assets	21	9,009	13,928
		2,891,543	**2,780,689**
Current assets			
Trade and other receivables	17	47,912	38,190
Cash and cash equivalents	18	129,694	61,241
		177,606	**99,431**
Total assets		**3,069,149**	**2,880,120**
LIABILITIES			
Current liabilities			
Trade and other payables	19	(32,011)	(27,681)
Financial liabilities	20	(96,127)	(143,107)
Provisions	22	(1,457)	(3,137)
Current tax liability		(597)	(1,582)
		(130,192)	**(175,507)**
Non-current liabilities			
Financial liabilities	20	(989,309)	(795,207)
Deferred tax	12	(117,595)	(126,374)
		(1,106,904)	**(921,581)**
Total liabilities		**(1,237,096)**	**(1,097,088)**
Net assets		**1,832,053**	**1,783,032**
EQUITY			
Share capital	24	1,795,170	1,795,170
Hedge reserves	23	278	(3,178)
Retained earnings / (accumulated losses)		36,605	(8,960)
		1,832,053	**1,783,032**

The notes on pages 21 to 58 are an integral part of these financial statements. The prior period restatements are discussed in Notes 2.1.1 and 20. The financial statements on pages 17 to 58 were authorised for issue by the Board of Directors on 26 April 2024 and were signed on its behalf by:

Rebecca Hunter
Director

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Note	Share capital £'000	Hedge reserve £'000	(Accumulated losses) / Retained earnings £'000	Total equity £'000
Balance as at 27 August 2021		**-**	**-**	**-**	**-**
Loss for the period		-	-	(8,960)	(8,960)
Other comprehensive expense	23	-	(3,178)	-	(3,178)
Total comprehensive expense for the period		**-**	**(3,178)**	**(8,960)**	**(12,138)**
Transactions with owners in their capacity as owners:					
Issue of shares	24	1,795,170	-	-	1,795,170
Total transactions with owners, recognised directly in equity		**1,795,170**	**-**	**-**	**1,795,170**
Balance as at 31 December 2022 and 1 January 2023		**1,795,170**	**(3,178)**	**(8,960)**	**1,783,032**
Comprehensive income for the year:					
Profit for the year		-	-	45,565	45,565
Other comprehensive income	23	-	3,456	-	3,456
Total comprehensive income for the year		**-**	**3,456**	**45,565**	**49,021**
Balance as at 31 December 2023		**1,795,170**	**278**	**36,605**	**1,832,053**

The notes on pages 21 to 58 are an integral part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Note(s)	2023 £'000	2022 £'000
Net cash outflow from operating activities	11	(78,671)	(105,695)
Cashflows from investing activities			
Purchase of property, plant and equipment	15	(310)	(608)
Purchase of intangible assets	14	-	(545)
Interest received		2,266	200
Change in fair value of derivatives	21, 23	8,375	-
Acquisition of subsidiary, net of cash		-	(1,774,099)
Net cashflows from investing activities		**10,331**	**(1,775,052)**
Cash inflows from financing activities			
Proceeds from issue of shares	24	-	1,795,170
Repayment of finance loans	20	(57)	(591,421)
Drawdown of credit agreement	20	1,963	-
Interest paid	20	(61,406)	(54,701)
Issuance of bonds, net of borrowing costs	20	269,000	679,646
Foreign exchange movement on high yield bonds	20	(6,633)	-
(Repayment) / drawdown from revolving credit facility	20	(65,500)	85,000
Receipt of trust loan	20	-	28,800
Lease principal payments	20	(574)	(506)
Net cash inflows from financing activities		**136,793**	**1,941,988**
Net increase in cash and cash equivalents		**68,453**	**61,241**
Cash and cash equivalents at the beginning of the year		61,241	-
Cash and cash equivalents at the end of the year		**129,694**	**61,241**

The notes on pages 21 to 58 are an integral part of these financial statements.

Notes to Consolidated Financial Statements for the year ended 31 December 2023

1 General information

Kane Bidco Limited (the "Company") is a holding company with sole ownership of True Potential Group Limited. On Consolidation, the Company and its subsidiaries (collectively referred to as the "Group'' or "KB Group") specialise in providing financial advisory, investment management services and support services to retail investors and financial advisers. The Company is a private entity limited by shares, incorporated in Jersey. The registered office is located at Aztec Group House, IFC 6, The Esplanade, St Helier, Jersey, JE2 3BZ. The immediate parent company is Kane Midco Limited, a Jersey registered company. There is no single ultimate parent undertaking. Cinven Capital Management (VII) General Partner Limited exercises its power on behalf of various funds, none of which control Kane Bidco Limited.

2 Material accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those material policies which apply in preparing the Consolidated Financial Statements for the period ended 31 December 2023. The policies have been applied consistently to all periods presented. The comparative period covers the formation of the Company on 27 August 2021 to 31 December 2022. The financial statements are presented in Pound Sterling (£) and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991.

The financial statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets that have been measured at fair value. The Directors have assessed the Group's prospects, risks, and financing availability and confirm the Group is well-positioned to meet its liabilities for at least 12 months from the signing date of the financial statements, supporting the use of a going concern basis. Further detail is provided in the Going Concern section.

2.1.1 Prior period restatements

A prior period adjustment has been reflected in the Statement of Financial Position and Notes 20 and 26 in relation to a trust loan previously recognised incorrectly as a non-current financial liability. The trust loan is repayable on demand and has been reclassified as a current financial liability in the current year and prior period. An additional prior period adjustment has been reflected in the Statement of Financial Position in relation to deferred tax. The deferred tax liability previously presented as a current liability of £7,866,000 has been reclassified as a non-current deferred liability in accordance with IAS 1.

2.1.2 Going concern

The financial statements are prepared on a going concern basis. This is appropriate due the cash generative nature of the Group and expectations of future levels of activity and profit. There is a net asset position with sufficient cash resources and other financing facilities available. Management has prepared detailed cash flow forecasts which demonstrate that the Group and Company 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 compliance with debt covenants held by the Group, running daily forward-looking modelling on both cashflow and leverage given the market volatility experienced. The forecasts show headroom to capital requirements throughout the projected period. The financial position of the Group continues to be monitored to ensure there are sufficient funds in order to meet liabilities as they fall due and sufficient headroom on covenants on debt.

2 Material accounting policies *(continued)*

2.2 Consolidation

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

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

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers it has power over the investee when the voting rights sufficiently give it the practical ability to unilaterally direct the investee's relevant activities. Factors considered include:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to subsidiaries' financial statements to align the accounting policies with the Group's.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated on consolidation.

2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of assets transferred, liabilities, and the equity interest issued by the Group for control, all measured at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

2.4 Segment reporting

It is the view of Management that the Group has a single operating segment, being the Kane Bidco Group. This is due to the Group completing wealth management services to customers, with interlinked revenue generation across Group entities. Details of the Group's revenue, results, assets and liabilities for the reportable segment are shown within the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position on pages 17 and 18 respectively.

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

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

2 Material accounting policies *(continued)*

2.5 Revenue recognition

The Group recognises revenue from the following major sources:

- Fees earned from the provision of back-office intermediation services to financial advice companies (“Adviser services”)
- Fees earned from restricted wealth management advice proposition (“Wealth management advice”)
- Fees earned from provision of a wealth platform (“Platform fees”)
- Fees earned from investment funds management (“Investment management fees”) and performance fees

Revenue is measured based on the consideration to which the Group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties, under IFRS 15. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Provision of back-office intermediation services (“Adviser Services”)</u>

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

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

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

<u>Wealth management advice</u>

We derive our revenue through our contracts with customers by providing customers restricted financial advice. Revenue is recognised on an accruals basis and arises fully within the UK. Fees earned and generated through the advice proposition include both initial advice and recurring advice, offered by self-employed advisers (commission revenue) and through the central advice team. Management have used judgement to determine that initial and recurring advice services are distinct performance obligations which should be accounted for separately. The nature of each of the services is separate in the context of the contract with customers.

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

2 Material accounting policies *(continued)*

2.5 Revenue recognition *(continued)*

The consideration for ongoing advice is variable as it is based on the customer's average annual invested assets, which can change throughout the year, and is calculated on a monthly basis. The variability is not able to be accurately estimated. At the end of each month, when the average investment is known, a monthly fee is calculated and charged to the customer. Therefore, the monthly fee charged is recognised as revenue over time. Cash consideration is received monthly in arrears based on the daily average value of the customer's investment.

<u>Wealth platform ("Platform fees")</u>

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

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the client. Platform service fees from this performance obligation are calculated by applying a percentage to the value of the client's investments held in their portfolio on a daily basis with cash collected monthly.

Under IFRS 15, in determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty associated with the variable consideration is resolved. The platform service fees are subject to factors outside the Group's control, being the movement in asset values. Therefore, the Group cannot conclude it is probable a significant reversal would not occur until the; fee is known at the end of each day when the asset values are known.

<u>Fund investment management ("Investment management fees")</u>

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

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

2 Material accounting policies *(continued)*

2.5 Revenue recognition *(continued)*

Performance fee

A performance fee is recognised where the unit price of individual funds (the True Potential Growth Aligned Funds) exceeds the high watermark annually at 30 April. Revenue is recognised when control of the services are transferred to customers whose funds are held by the Group, in an amount that reflects the consideration the Group expects to receive in exchange for those services. The Group satisfies this performance obligation over time as the services are rendered and the customer fund simultaneously receives and consumes the benefits of the services as they are performed. Performance fees are not recognised as revenue until it is probable that a significant reversal will not occur in the future. The Group recognises revenue when it becomes highly probable a significant reversal will not occur. This is taken to be the crystallisation date at 30 April each year. The fee is based on the difference between unit price at the high watermark date. Performance fees are received one month in arrears. No performance fee was recognised in 2023 (2022: £nil).

2.6 Goodwill

Goodwill is initially recognised and measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is reviewed for impairment annually at the annual reporting date. Goodwill is allocated to the Kane Bidco Group as a single cash-generating unit ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent from the cash inflows from other assets of the Group. This is due to the interlinked nature of income generation within the Group. The CGU is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit, determined as the higher of its fair value less costs of disposal and its value in use, is less than the carrying amount of the unit, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.7 Intangible assets other than goodwill

Intangible assets acquired separately

Separately acquired intangible assets with finite lives are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives which are:

- Brand: 10 years
- Customer relationships: 20 years

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

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

2 Material accounting policies *(continued)*

2.7 Intangible assets other than goodwill *(continued)*

<u>Internally generated intangible assets</u>

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

- Platform and other Projects: up to 10 years
- Software licenses: 3-5 years

2.8 Client onboarding costs

Client onboarding costs represent the incremental costs to obtain a revenue contract under IFRS 15. An asset can be capitalised constituting the incremental costs of obtaining a contract if the entity expects to recover those costs. The incremental costs to obtain a revenue contract are those that would not have been incurred if the contract had not been obtained.

Agreements are entered into with financial advisers to onboard customer assets. The costs associated with these agreements are deemed to be the incremental cost of obtaining a revenue contract, “client onboarding costs”, which are recognised as an asset. The revenue contract obtained is with individual customers. The asset is only recognised when it is expected that the Group will recover the costs through revenue generation with customers. The Group considers that the costs payable to financial advisers would not have been incurred if customer assets had not been onboarded, meaning the revenue contract with customers had not been obtained. The Group has determined that these arrangements do not fall under the scope of another Standard.

Client onboarding costs are recognised on the date an agreement is entered into with financial advisers. From this point, customer assets can be onboarded and revenue contracts with those customers are obtained. It is expected that the costs will be recovered from this point through revenue generation on customer assets. The costs associated with this, payable to financial advisers, are recognised at a proportion of the customer assets expected to be transferred.

Subsequent to their initial recognition, the expected costs payable to financial advisers are adjusted to reflect the most up to date information. Initial payments are made to financial advisers, repayment of which is settled by offsetting further amounts payable to advisers as customer assets are onboarded. The client onboarding cost assets fully crystallise at the point that agreements with financial advisers end.

Recognition of the client onboarding costs give rise to client onboarding liabilities on the Statement of Financial Position. These are amounts payable to financial advisers, for the expected future payments representing a proportion of client assets expected to be transferred to the Group. Liabilities to financial advisers are offset by any balances already paid as an incremental cost to obtain customer revenue contracts.

2 Material accounting policies *(continued)*

2.8 Client onboarding costs *(continued)*

Client onboarding costs are amortised on a systematic basis over the expected transfer of the services to the customer, which is currently estimated to be:

- Client onboarding costs: 20 years

The amortisation period adopted is reviewed at the end of each reporting period, with the effect of any changes in estimate accounted on a prospective basis in line with IAS 8. Any updates to amortisation would be made to reflect a significant change in the expected timing of transfer to the customer of services to which the asset relates.

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

2.9 Impairment assessment of client onboarding costs

At each reporting date, Management reviews the carrying amounts of client onboarding costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any), per the requirements of IFRS 15.

An impairment loss should be recognised in the Statement of Comprehensive Income where the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for services to which the assets relate, less direct costs to provide the services. In assessing the remaining consideration expected to be received, the estimated future cash flows created by customer asset revenue generation are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Judgement is used to estimate the future revenues expected on customer assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss could occur where impairment conditions no longer exist or have improved. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

After applying the impairment test under IFRS 15, the Group applies the carrying amount of any remaining asset to the cash-generating unit to which it belongs to apply an impairment test under IAS 36.

2.10 Property, plant and equipment

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

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

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

2 Material accounting policies *(continued)*

2.10 Property, plant and equipment *(continued)*

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

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

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

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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

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

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

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

2.12 Leases

The Group determines if an arrangement is, or contains, a lease at inception and classifies its leases at commencement. Where the Group is a lessee, leases are included in right-of-use (“ROU”) assets and current and noncurrent lease liabilities on the Group’s Consolidated Statement of Financial Positions. ROU assets represent the Group’s right to use an underlying asset for the lease term. The corresponding lease liabilities represent the Group’s obligation to make lease payments arising from the lease.

2 Material accounting policies *(continued)*

2.12 Leases *(continued)*

Lease liabilities are presented in Financial Liabilities and are recognised based on the present value of the future minimum lease payments over the lease term at commencement. The Group has lease agreements which contain both lease and non-lease components. The Group makes an election on an asset class basis to determine if it elects the practical expedient allowed to not separate lease and non-lease components. Periods beyond the non-cancellable term of the lease are included in the measurement of the lease liability when it is reasonably certain that the Group will exercise the associated extension option or waive the termination option. The Group reassesses the lease term if and when a significant event or change in circumstances occurs within the control of the Group. The net present value of future minimum lease payments is determined using the implicit interest rate in the lease. If the implicit interest rate is not included in the lease, the discount rate is determined by the Group’s incremental borrowing rate. The Group’s incremental borrowing rate is an estimate of the interest rate the Group would have to pay to borrow on a collateralised basis with similar terms and payments, in the economic environment where the leased asset is located. Lease liabilities are adjusted each period for interest on the leased asset and lease payments during the period.

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

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group’s Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Consolidated Statement of Comprehensive Income are recognised immediately in the Consolidated Statement of Comprehensive Income.

(i) Financial assets

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

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

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

2 Material accounting policies *(continued)*

2.13 Financial instruments *(continued)*

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using Management's historical experience, adjusted for factors that are specific to the receivables. These include general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime expected credit loss ("ECL") when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss ("FVTPL").

Financial liabilities measured subsequently at amortised cost

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

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

Financial liabilities include externally issued listed bonds, a revolving credit facility, other private loans, short term financing facilities and lease liabilities and are carried at amortised cost. Other financial liabilities include amounts payable in relation to client onboarding costs and interest accrued on external borrowings.

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2 Material accounting policies *(continued)*

2.14 Derivatives

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rates. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.15 Hedge accounting

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the finance costs line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 21. Movements in the hedging reserve in shareholders' equity are shown in Note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability as the remaining maturity of the hedged item is more than 12 months.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

2.16 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2 Material accounting policies *(continued)*

2.16 Taxation *(continued)*

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

2.17 Contingent liabilities

The Group recognises a contingent liability where it is identified that there is a possible obligation that could lead to an outflow of economic resources. The possible obligation must have occurred as a result of past events and whose existence will be confirmed by the circumstances of uncertain future events. The Group will also disclose a contingent liability where there exists a present obligation resulting from past events and the recognition criteria for a liability is not met. In this case, a contingent liability will be recognised as it is either, not probable that economic resources will be required to settle the obligation, or the amount of the obligation cannot be reliably measured.

2 Material accounting policies *(continued)*

2.18 Accounting standards not yet in force

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

2.19 Exceptional items

An exceptional item is considered to be non-recurring and unusual in nature. These items are highlighted separately on the face of the Consolidated Statement of Comprehensive Income and are also disclosed within Note 7. Due to the nature and expected infrequency of these items, separate presentation helps provide a better indication of the Group's underlying business performance to facilitate comparison with prior periods.

3 Critical accounting estimates and judgements

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

Value of client onboarding costs

Client onboarding costs are recognised as assets representing the incremental cost to obtain a revenue contract with customers. Client onboarding cost asset balances are stated at cost less accumulated amortisation and any impairment.

Client onboarding costs are recognised on the date an agreement is made with financial advisers to transfer customer assets to the Group. Revenue contracts are obtained with the customers onboarded. The costs associated with this, payable to financial advisers, are recognised at a proportion of the customer assets expected to be transferred. This is the incremental cost to the Group which would not be incurred if the customer assets were not onboarded. This cost is expected be recovered through revenue generation on onboarded customer assets. As customers are onboarded the expected onboarding costs are adjusted to reflect the most up to date available information. There is significant estimation in determining the settled customer assets onboarded, which forms the basis of the client onboarding asset cost. A judgement made in this estimation is that customer asset settlement follows the historic trend of onboarding rates.

Expected life of client onboarding costs

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

3 Critical accounting estimates and judgements *(continued)*

Expected life of client onboarding costs *(continued)*

	2023 £'000
One year reduction in amortisation period	
Annual amortisation charge increase	1,108

The revenue contracts with customers have no specified end date. As such, the critical judgement in the assessment of the estimated life of client onboarding costs is the expected attrition of customer assets and the expected term a customer will hold assets with the Group.

Management monitor attrition closely including customer drawdowns, fees taken, other fees and charges payable and customers exiting revenue contracts.

Management continues to assess the term over which a customer continues to be advised by the Group. This considers the age profile of customers serviced by the Group, life expectancy in the UK, experience of customer practices including drawdown patterns and historic experience with respect to the term a customer remains invested. An expected term of 20 years has been identified based on this assessment.

Impairment of client onboarding costs

Significant judgement is used to estimate the future revenues expected to be earned on client onboarding assets. When assessing future revenues, Management have considered various scenarios in concluding the appropriateness of fee rates and timing of the associated revenues used to support the recoverable value of client onboarding assets. This assessment includes a review of the commercial arrangements of the Group including, but not limited to, changes to future fee structures and the associated business model.

The carrying value of client onboarding costs is presented after any impairment loss recognised within the Consolidated Statement of Comprehensive Income under IFRS 15. The Group recognises an impairment loss to the extent that the carrying value of client onboarding cost assets exceed the remaining consideration expected to be received in exchange for services to which the assets relate, less the direct costs of providing those services. Significant estimation is used to estimate the remaining consideration expected to be earned on client onboarding assets. Key areas of judgement include the discount rate on future cashflows, the remaining life of the asset and expected recovery period for future consideration, market growth expectations and attrition of customer assets which are serviced by the Group.

Management has concluded that the carrying value of client onboarding costs is supported by the expected revenue to be generated from the contracts with customers. Note 4 sets out the estimates and judgments used in the impairment of client onboarding costs and the sensitivity changes in the key assumptions.

Impairment of goodwill

The carrying amount of goodwill has been allocated to the Kane Bidco Group as the sole reportable operating segment of the Group. The Group has been identified as the smallest group of assets which generate cash flows that are independent, due to the interlinked nature of income generation within the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

3 Critical accounting estimates and judgements *(continued)*

Impairment of goodwill (continued)

The calculation of value in use for the Group is most sensitive to the discount rate and expected future cashflows. The discount rate reflects Management's estimate of the weighted average cost of capital of the Group pre-tax. This is the benchmark used by Management to assess the Group's operating performance and evaluate proposals. The expected cashflows reflect how Management believes the Group will perform over the business plan period and is used to calculate the value in use of the CGU, including growth of assets under management year-on-year as a result of market growth and onboarding of customers.

Sensitivities to the judgements made in goodwill impairment testing are discussed in Note 14.

Expected life of customer relationships

The Group acquired 100.0% of the share capital of True Potential Group Limited on 21 January 2022. As part of its assessment of the fair value of net assets acquired, Management identified a customer relationship intangible asset. In addition, client onboarding costs were reclassified as acquired customer relationships under IAS 38. Customer relationships are amortised over the period the Group expects to have a commercial relationship with those customers. The future performance of the Group is impacted by the amortisation period adopted due to the materiality of the customer relationships at 31 December 2023.

The critical judgement in the assessment of the estimated life of customer relationships is the expected attrition of customer assets and the expected term a customer will hold assets with the Group. Management monitor attrition closely including customer drawdowns, fees taken, other fees and charges payable and customers exiting Group services. Management considered the age profile of the customers at acquisition, life expectancy in the UK and expected attrition above to determine that an anticipated asset life of 20 years is appropriate. This period is consistent with the client onboarding cost amortisation period. Sensitivity to the amortisation period changing by one year has been performed and the results are presented below:

	2023
	£'000
One year reduction in amortisation period	
Annual amortisation charge increase	2,329

Impairment of customer relationships

Customer relationships are held at their acquisition cost less accumulated amortisation and any impairment. An impairment charge would be recognised if the carrying value of the assets exceeds their recoverable amount. Recoverable amount is the higher of the fair value or value-in-use ("VIU") of the assets.

Intangible assets are assessed under the Group goodwill impairment assessment. Critical judgements used in this assessment are disclosed in Note 14.

4 Revenue from contracts with customers

(i) Disaggregation of Revenue

	Adviser services £'000	Wealth management advice £'000	Platform fees £'000	Investment manage-ment fees £'000	Total £'000
Year ended 31 December 2023					
Timing of revenue recognition					
Services transferred over time	3,772	128,823	102,515	153,351	388,461
Services transferred point in time	-	17,990	-	-	17,990
Total revenue from contracts with customers	**3,772**	**146,813**	**102,515**	**153,351**	**406,451**
Period ended 31 December 2022					
Timing of revenue recognition					
Services transferred over time	3,925	100,095	78,271	120,450	302,741
Services transferred point in time	-	17,064	-	-	17,064
Total revenue from contracts with customers	**3,925**	**117,159**	**78,271**	**120,450**	**319,805**

Services transferred at a point in time relate to fees earned and generated through initial advice, offered by self-employed advisers and the central advice team.

(ii) Contract balances

<u>Client onboarding costs</u>

	2023 £'000	2022 £'000
As at 1 January 2023 and 27 August 2021	**233,605**	**-**
Acquired	-	-
Additions	185,566	235,842
Amortisation	(13,431)	(2,237)
As at 31 December	**405,739**	**233,605**

In the current year £185.6m of client onboarding costs have been added to the Statement of Financial Position (2022: £235.8m). This represents Management's best estimate of expected and actual payments for the onboarding of revenue contracts.

Cash paid in the year relating to onboarding costs has been recognised through movements in working capital in the statement of cash flows (Note 11).

4 Revenue from contracts with customers *(continued)*

A reconciliation to the figures presented in Note 11 has been performed below:

	2023 £'000	2022 £'000
Client onboarding cost additions	185,566	235,842
Movement in client onboarding liability	64,904	(27,125)
Increase in client onboarding costs per cashflow	**250,470**	**208,717**

Assessment of the carrying value of client onboarding costs contains significant judgement, including the value and expected life of capitalised assets.

Impairment review

Impairment reviews on the carrying amount of the client onboarding costs are undertaken with any impairment expensed in the Consolidated Statement of Comprehensive Income. Impairment assessments consider the remaining amount of consideration that the Group expects to receive in exchange for customer services, less costs which relate directly to providing those services. Key areas of judgement used in this assessment include the discount rate on future cashflows, the expected recovery or amortisation period, market growth expectations, attrition of customers receiving services and future fee income.

Discount rate on future cashflows

In order to assess the present value of the future revenues expected from the client onboarding costs, Management have used a weighted average cost of capital to apply as a pre-tax discount rate, which includes judgement in the assessment of appropriate equity beta and non-listed premium. The pre-tax discount rate applied in 2023 was 13.72%.

Amortisation period

The underlying contracts with customers are ongoing and have no end date. Management has therefore used judgement to ascertain the recovery period, including the expected length of the relationship with the customer within the Group and in the wider market. Assessments of recovery have been performed over 20 years by the stated amounts below. The recoverable value represents the remaining consideration expected to be received on customer revenue contracts.

Market growth expectations

Management has included in its 20-year recovery period assessment average annual market growth of 5.0%, based on historic trends of a True Potential balanced portfolio.

Customer attrition

Management have used 8.2% as the attrition rate for its assessment of the carrying value of client onboarding costs. This is the closing attrition rate for the year ended 31 December 2023 taking into account customer drawdowns, account closures and other applicable withdrawals.

Future fees receivable

Fees charged are at the discretion of Management based on the services provided to customers.

4 Revenue from contracts with customers *(continued)*

Sensitivity analysis

The table below details the impact of adjusting the key judgements. The percentage change in the surplus of recoverable value over the carrying value of the client onboarding cost asset is shown, by adjusting the variables by the stated amounts below. The base case surplus of recoverable value over the carrying value is £100.6m:

	Percentage change
Discount rate – 1.0% increase	(20.8)%
Amortisation period – 1 year reduction	(4.0)%
Market growth – 1.0% decrease	(24.4)%
Client attrition – 1.0% increase	(24.4)%
Fees receivable – 10 basis point decrease	(33.7)%

5 Fee expenses

Fee expenses mainly comprises fees paid to financial advisers which amounted to £88.2m in 2023 (2022: £73.2m) and sub fund manager fees which amounted to £35.2m in 2023 (2022: £29.1m).

6 Administrative expenses

Other administrative expenses reported in the Consolidated Statement of Comprehensive Income includes:

	2023 £'000	**2022 £'000**
Amortisation - intangible assets	55,196	50,223
Amortisation - client onboarding costs	13,431	2,237
Depreciation	1,475	1,351
Staff costs	28,169	20,751
Marketing	3,960	2,946
Regulatory fees and levies	2,546	3,643
Insurance	3,576	3,060
Legal and professional costs	6,287	3,195
Platform and technology running costs	7,705	5,720
Other expenses	7,600	8,445
	129,945	**101,571**

7 Exceptional items

	2023 £'000	2022 £'000
Exceptional items	**4,275**	**38,924**

Exceptional costs of £4.3m related to the recruitment and onboarding of Directors for TPG and settlement costs for the former Chairman of TPG. In the cash flow statement and Note 11, operating cash-flows have been reduced by £4.3m. All exceptional costs recognised in the year have been settled and no further costs relating to this are expected in 2024.

In 2022, exceptional costs comprised professional fees and employee-related expenses for the acquisition of TPG by the Company. Costs were incurred by the Company and it's subsidiaries. All exceptional costs recognised in 2022 were settled in the year.

8 Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditors for the audit of the parent Company and consolidated financial statements	103	40
Audit of the financial statements of the Company's subsidiaries	452	352
Total audit	**555**	**392**
Non-audit fees payable to the auditors for client money reporting	255	214
Fees payable to the auditors for interim profit verifications	175	318
Total auditors' remuneration	**985**	**924**

9 Alternative performance measures

	2023 £'000	2022 £'000
Operating profit	144,502	73,238
Add back: Exceptional items	4,275	38,924
Add back: Amortisation	68,628	52,460
Add back: Depreciation	1,475	1,351
EBITDA	**218,880**	**165,973**

Earnings before interest, depreciation and amortisation ("EBITDA") as an alternative performance measure ("APM") is used by Management as an industry comparator by removing Group specific accounting estimates, financing arrangements and tax laws applicable to the jurisdiction in which the Group operates. The closest relevant metric under International Financial Reporting Standards to start with is operating profit as per the Consolidated Statement of Comprehensive Income adding back amortisation (Note 4 and 14), exceptional items (Note 7) and depreciation (Note 15).

10 Finance income and costs

(i) Finance income

	2023 £'000	2022 £'000
Interest on liquidity funds	1,931	24
Other interest income	335	176
Total finance income	**2,266**	**200**

Investments in liquidity funds are money market funds which are short-term and highly liquid. Interest is accrued on these funds daily and is recognised as finance income.

(ii) Finance costs

	2023 £'000	2022 £'000
Finance charges payable on borrowings	88,223	55,448
Reclassification of (gain) / loss on cashflow hedge	(13,072)	14,426
Interest on lease liabilities	83	78
Total finance costs	**75,234**	**69,952**

In January 2022 the Group repaid all of its historic long-term borrowings incurring early repayment fees of £17.5m. This has been included in finance charges payable on borrowings for the period ended 31 December 2022. No such charges were incurred in the year ended 31 December 2023, where costs relate to new external borrowings in 2022 and 2023.

A gain on the change in fair value of the cash flow hedge was reclassified to profit or loss from other comprehensive income in the year.

11 Cash used in operating activities

	2023 £'000	2022 £'000
Cashflows from operating activities:		
Profit before tax	71,534	3,486
Adjustments for:		
Depreciation of property, plant and equipment and right of use assets	1,475	1,351
Amortisation of intangible assets	55,196	50,223
Amortisation of client onboarding costs	13,431	2,237
Interest income	(2,266)	(200)
Interest expense	75,234	69,952
Operating cash inflows before movements in working capital	**214,604**	**127,049**
Movements in working capital		
Increase in trade and other receivables	(9,722)	(8,930)
Increase in trade and other payables	2,650	3,396
Increase in client onboarding costs	(250,470)	(208,717)
Total movements in working capital	**(257,542)**	**(214,251)**
Operating cashflows after movements in working capital	(42,938)	(87,202)
Corporation tax paid	(35,733)	(18,493)
Net cash outflows from operating activities	**(78,671)**	**(105,695)**

12 Taxation

The permanent establishment of the Company and all Management decisions are made wholly within the UK. The Company is tax resident in the UK and is bound by UK tax laws.

(i) Analysis of charge in the year

	2023 £'000	2022 £'000
Tax on profit	**25,969**	**12,446**
The tax charge is made up as follows:		
Current tax:		
UK corporation tax	34,389	20,067
Adjustment in respect of prior periods	362	-
Total current tax charge	34,751	20,067
Deferred tax:		
Origination and reversal of timing differences	(7,962)	(5,819)
Adjustments in respect of prior periods	(312)	36
Change in tax rates or laws	(508)	(1,838)
Total deferred tax credit	(8,782)	(7,621)
Tax on profit	**25,969**	**12,446**

(ii) Reconciliation of tax charge

The tax on the years profit is calculated at the UK's standard corporation tax in the UK of 23.5% (2022: 19%). Below is a reconciliation of the differences:

	2023 £'000	2022 £'000
Profit before taxation	71,534	3,486
Profit before taxation multiplied by standard rate of corporation tax in the UK of 23.5% (2022: 19%)	16,810	662
Effect of:		
Disallowed expenses and non-taxable income	97	9,344
Adjustments in respect of prior periods	50	(119)
Change in tax rates or laws	(508)	(1,837)
Movement on intangible assets	8,070	4,396
Group relief	1,450	-
Total tax charge for the year	**25,969**	**12,446**

The effective tax rate for the year was 36.3% (2022: 357.0%). On 1 April 2023 the corporation tax rate increased from 19.0% to 25.0%. The blended rate of Corporation Tax for the year has therefore been calculated at 23.5%. Deferred tax balances have been measured at a rate of 25.0%.

12 Taxation *(continued)*

(iii) Deferred tax

	2023 £'000	2022 £'000
Movement in deferred tax liability during the year		
At 1 January 2023 and 27 August 2021	126,374	-
Acquired at 21 January 2022	-	6,790
Adjustments in respect of acquired tax balances	-	36
Adjustments in respect of business combination	-	127,207
Deferred tax credited to profit and loss	(8,779)	(7,659)
At 31 December	**117,595**	**126,374**
Current deferred tax liability	8,492	7,866
Non-current deferred tax liability	109,103	118,508
Total deferred tax liability	**117,595**	**126,374**

13 Directors and employees

(i) Remuneration of Directors

No remuneration was paid by the Group to the Directors for their services during the period.

(ii) Employee numbers and costs

Including directors, the average monthly number of full-time equivalent staff during the year was:

	2023 Number	2022 Number
Management and administration	**508**	**429**

	2023 £'000	2022 £'000
Staff costs		
Wages and salaries	24,936	18,316
Social security costs	2,771	2,072
Other pension costs	462	363
	28,169	**20,751**

14 Goodwill and other intangible assets

The cost and carrying value of Goodwill is £1,621.7m (2022: £1,621.7m) with no impairments recognised in the year (2022: nil). Goodwill arose entirely on the acquisition of True Potential Group Limited in 2022. Other intangible assets form part of the residual assets held by the Group, with carrying value at 31 December 2023 of £851.7m (2022: £906.9m).

(i) Recoverable amount of the cash generating unit

The carrying amount of goodwill has been allocated to the Kane Bidco Group as the sole reportable operating segment of the Group. The Group has been identified as the smallest group of assets which generate cash flows that are independent, due to the interlinked nature of income generation within the Group. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Residual assets held by the Group are tested where there are indicators that they may be impaired, but form part of the annual goodwill impairment assessment. There was no impairment recorded for the year and period ended 31 December 2023 and 2022.

The recoverable amount of Kane Bidco Group is determined based on a value in use calculation which uses cash flow projections based on financial budgets seen and approved by the Board and a pre-tax discount rate of 13.72%. Cashflows beyond 5 years are extrapolated using a 2.0% growth rate applied to the net operating cashflows to perpetuity (2022: 2.0%). The recoverable value is £293.1m greater than the carrying value of the related assets.

(ii) Key assumptions used in the value in use calculation

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

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

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

(iii) Sensitivities to assumptions

The table below details the impact of adjusting the key judgements. The percentage change in the excess of recoverable value over the carrying value of the CGU, by adjusting the variables by the stated amounts below. The base case excess of recoverable value over the carrying value is £293.1m:

	Percentage change
Discount rate – 1.0% increase	(96.5)%
Annual cash flows – 1.0% reduction	(53.2)%
Long-term growth rate – 1.0% reduction	(11.1)%

14 Goodwill and other intangible assets *(continued)*

(iv) Intangible assets other than goodwill:

	Brand	Customer relationships	Internally generated assets	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2022 and 1 January 2023					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(7,240)	(40,574)	(2,295)	(114)	(50,223)
Net book value	**42,621**	**844,633**	**19,392**	**239**	**906,885**
Year ended 31 December 2023					
Opening net book value	42,621	844,633	19,392	239	906,885
Amortisation charge for the year	(7,750)	(45,862)	(1,479)	(105)	(55,196)
Closing net book value	**34,871**	**798,771**	**17,913**	**134**	**851,689**
At 31 December 2023					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(14,990)	(86,436)	(3,774)	(219)	(105,419)
Net book value	**34,871**	**798,771**	**17,913**	**134**	**851,689**

Brand represents the True Potential brand which was recognised at fair value.

Customer relationships were acquired at their fair value on acquisition of TPG in 2022. These customer relationships were internally generated by TPG through the client assets it held on the True Potential platform at the acquisition date. They also relate to the acquired client onboarding costs reclassified under IAS 38 as customer relationships at acquisition. Subsequently, they are held at this cost less accumulated amortisation and any impairment.

Internally generated assets are primarily capitalised staff costs allocated to development projects, including costs allocated to the development of the True Potential platform and fund set up costs. Staff costs are capitalised from the point the asset is likely to be completed. Amortisation commences from the point the asset is in full use over a period of 10 years.

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

No impairment indicators around intangible assets have been noted in the current year or prior period.

15 Property, plant and equipment

	Fixtures, fittings, and equipment £'000	Short leasehold buildings £'000	Total £'000
At 31 December 2022 and 1 January 2023			
Cost	4,175	1,745	5,920
Accumulated depreciation	(1,034)	(317)	(1,351)
Net book value	**3,141**	**1,428**	**4,569**
Year ended 31 December 2023			
Opening net book value	3,141	1,428	4,569
Additions	310	-	310
Lease adjustment	(70)	70	-
Depreciation	(1,139)	(336)	(1,475)
Closing net book value	**2,242**	**1,162**	**3,404**
At 31 December 2023			
Cost	4,415	1,815	6,230
Accumulated depreciation	(2,173)	(653)	(2,826)
Net book value	**2,242**	**1,162**	**3,404**

16 Leases

The Group has lease contracts for offices, equipment and tools used in the operations. The amounts recognised in the financial statements in relation to the leases, included within Property, plant and equipment, are as follows:

(i) Right-of-use assets

	Equipment £'000	Property £'000	Total £'000
At 31 December 2022 and 1 January 2023			
Cost	622	1,745	2,367
Accumulated depreciation	(222)	(317)	(539)
Net book value	**400**	**1,428**	**1,828**
Year ended 31 December 2023			
Opening net book value	400	1,428	1,828
Lease adjustment	(70)	70	-
Depreciation	(220)	(336)	(556)
Closing net book value	**110**	**1,162**	**1,272**
At 31 December 2023			
Cost	552	1,815	2,367
Accumulated depreciation	(442)	(653)	(1,095)
Net book value	**110**	**1,162**	**1,272**

16 Leases *(continued)*

(ii) Lease liabilities

	2023 £'000	2022 £'000
Current	630	690
Non-current	730	1,244
	1,360	**1,934**

Maturity Analysis

	2023 £'000	2022 £'000
Within one year	630	690
Greater than one year but less than two years	465	509
Greater than two years but less than five years	265	798
Greater than five years	-	-
Total undiscounted lease payments	**1,360**	**1,997**

Reconciliation of the opening to closing lease liabilities

	2023 £'000	2022 £'000
At 1 January 2023 and 27 August 2021	**1,934**	**-**
Acquired	-	2,441
Interest expense	83	78
Repayment of lease liabilities	(608)	(609)
Lease adjustments	(49)	24
Carrying value at 31 December	**1,360**	**1,934**

(iii) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Depreciation charge of right-of-use assets:		
Equipment	220	222
Property	336	317
	556	**539**
Interest expense (included in finance cost)	83	78

16 Leases *(continued)*

(iv) Amounts recognised in the Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Total cash outflow for leases	**(608)**	**(609)**

17 Trade and other receivables

	2023 £'000	2022 £'000
Prepayments	4,541	5,121
Platform fees	8,639	7,187
Fund management fees	15,212	11,714
Advice fees	12,610	10,601
Intercompany receivables – Kane Midco	-	235
Other receivables	6,910	3,332
	47,912	**38,190**

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

Loans to advisers included within other receivables are recognised in line with IFRS 9, at amortised cost less any provision for expected credit loss. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the loans and the expected credit loss to be materially close to nil for 2023 and 2022. This will continue to be reviewed in line with IFRS 9.

18 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash held at bank	21,446	49,466
Investment in liquidity funds	108,248	11,775
	129,694	**61,241**

Investments in liquidity funds are money market funds which are short-term and highly liquid. They are readily convertible to known amounts of cash.

19 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	788	211
Other taxes and social security	2,431	812
Accruals	6,742	8,806
Sub fund manager fees	7,479	7,295
Adviser fees	7,693	7,235
Intercompany payable - Kane Midco	1,490	-
Other payables	5,388	3,322
	32,011	**27,681**

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

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

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

Amounts payable to the parent Company, Kane Midco Limited, are repayable on demand.

20 Financial liabilities

	2023 £'000	2022 Restated £'000
Current:		
Lease liabilities	630	690
Client onboarding liabilities	38,106	96,200
Credit agreement	1,963	-
Finance loan	58	60
Trust loan	29,996	29,347
Accrued interest	25,374	16,810
	96,127	**143,107**
Non-current:		
Lease liabilities	730	1,244
Client onboarding liabilities	-	6,810
High yield bonds	699,536	702,098
Revolving credit facility	19,514	85,000
Other listed bonds	269,529	-
Finance loan	-	55
	989,309	**795,207**

20 Financial liabilities *(continued)*

(i) *Client onboarding liabilities*

Client onboarding cost liabilities represent amounts outstanding to financial advisers where a corresponding client onboarding cost has been capitalised as an asset. All client onboarding cost liabilities at the end of 2023 are falling due within one year.

(ii) *Listed bonds*

In 2022, the Company issued £400.0m and €360.0m high yield bonds on The International Stock Exchange (TISE), with coupons of 6.5% and 5.0% respectively. See Note 21 for the cross currency swap details relating to the Eurobond. High yield bonds mature in February 2027.

During the year the Company issued floating rate bonds on TISE of £50.0m, £100.0m and £125.0m on 14 February 2023, 22 August 2023 and 28 December 2023 respectively. Interest coupons payable on each bond is at SONIA plus 6.75%, 6.25% and 5.75% respectively. The bonds are due 15 February 2027 and 15 February 2028.

(iii) *Revolving credit facility*

In 2022, the Company entered into a revolving credit facility (“RCF”) with up to £120.0m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum facility. Interest on the RCF is accrued at SONIA plus 3.5%. At 31 December 2023 the amount drawn on this facility was £19.5m. The RCF matures in February 2027.

(iv) *Trust loan*

In 2022, the Company entered into a loan agreement with the True Potential LLP Discretionary Trust 2009 (“the Trust”), amounting to £36.5m. This is a related party transaction shown in Note 27. Interest on the trust loan is compounded at 2.0%. At 31 December 2023 the outstanding balance of the loan was £30m. The Trust loan has no maturity date and is repayable on demand. The terms of this loan are considered preferential to the wider market. A prior period adjustment has been made for the trust loan to reclassify it as a current financial liability per the terms of the loan. Previously, this was classified as a non-current financial liability.

(v) *Credit agreement*

The credit agreement is a short term financing arrangement entered into during the year, for professional indemnity insurance costs. The credit agreement is payable in 2024.

Cashflows from financing activities

	Short term liabilities £'000	**Long term liabilities £'000**	**Total £'000**
At 1 January 2023 (restated)	**46,907**	**788,397**	**835,304**
Cashflows – finance loans	(2)	(55)	(57)
Cashflows – credit agreement	1,963	-	1,963
Cashflows – revolving credit facility	-	(65,500)	(65,500)
Cashflows – foreign exchange	-	(6,633)	(6,634)
Cashflows – external bonds issued	-	269,000	269,000
Cashflows – lease payments	(60)	(514)	(574)
Cashflows – interest payments	8,564	(69,971)	(61,406)
Adjustment – trust loan	649	(649)	-
Finance expense	-	75,234	75,234
At 31 December 2023	**58,021**	**989,309**	**1,047,330**

21 Financial assets

The accounting policy for derivative financial instruments is set out in Note 2. As of 31 December 2023, derivative financial instruments designated and effective as hedging instruments were carried at fair value as follows:

	2023 £'000	2022 £'000
Cross currency swap asset*	**9,009**	**13,928**

**The cross currency swaps have a maturity of December 2026.*

The Group hedges the foreign currency risk on high yield Eurobonds using a fixed-for-fixed cross-currency swap where the foreign currency basis spread, and forward elements are excluded from the designation of the hedging instrument. The Group has elected, in accordance with IFRS 9:6.5.16 to apply IFRS 9:6.5.15 and recognise the excluded elements in OCI (to the extent they relate to the hedged item). Because the hedged item is a time-period related item, the excluded elements are amortised from OCI to profit or loss on a rational basis over the period during which the hedge adjustment for the included element could affect profit or loss.

The Group may elect to use derivative financial instruments as hedges against financial risk exposures. The use of financial derivatives is governed by Management's appetite towards exposure on foreign exchange risk, interest rate risk and credit risk. Management continue to reassess the need for the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

22 Provisions

	Complaints provision £'000	Total £'000
At 27 August 2021	**-**	**-**
Acquired	76	76
Provided for in the year	3,076	3,076
Utilised during the year	(15)	(15)
Released in the year	-	-
At 31 December 2022 and 1 January 2023	**3,137**	**3,137**
Provided for in the year	479	479
Utilised during the year	(1,532)	(1,532)
Released in the year	(627)	(627)
At 31 December 2023	**1,457**	**1,457**

Complaints provisions held within the Group relate to the expected cost of correcting deficiencies, compensation and redress associated with investment advice given. The provision represents Management's best estimate of expected outcomes based on previous experience and the details of each case. Management maintains Professional Indemnity Insurance with an FCA compliant limit of indemnity to mitigate this risk and in the event of complaints payments, would anticipate full recovery up to the limit of indemnity after application of the Group's excess. The best estimate of the timing of cash outflows is that most of the balance will be settled within 12 months, though timing is uncertain due to the nature of the provision. No potential professional indemnity recoveries are recognised within these accounts.

23 Hedging

	2023 £'000	2022 £'000
At 1 January 2023 and 27 August 2021	**(3,178)**	**-**
(Loss) / gain arising on changes in fair value of hedging instruments during the period	(9,616)	11,248
Gain / (loss) reclassified to profit or loss	13,072	(14,426)
At 31 December	**278**	**(3,178)**
Of which		
Gain / (loss) related to continuing cash flow hedges	**278**	**(3,178)**

Gains and losses reclassified to profit or loss are recognised within finance costs and are presented in Note 10.

24 Share capital

Allotted and fully paid-up share capital

	No. of shares	£'000
Issued at 27 August 2021	1	-
Issued at 21 January 2022	1,795,169,676	1,795,170
Cancelled at 21 January 2022	(1)	-
Total share capital at 31 December 2022	**1,795,169,676**	**1,795,170**
Total share capital at 31 December 2023	**1,795,169,676**	**1,795,170**

On 21 January 2022, Kane Bidco Limited issued 1,795,169,676 £1 ordinary shares at par for cash. No shares have been issued in the year ended 31 December 2023.

25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Assets and liabilities measurement grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Significant observable inputs.

25 Fair value measurement *(continued)*

At 31 December 2023 £108.2m (2022: £11.8m) of money market funds held within cash and cash equivalents were held at FVTPL using level 1 valuation. At 31 December 2023 £9.0m (2022: £13.9m) of derivative financial instruments were held at fair value using level 2 valuation.

The carrying amounts of financial instruments such as cash, current trade and other receivables and trade payables approximate their fair values due to their short-term nature and limited fluctuations in value.

26 Financial risk management

The Group has various financial assets and liabilities such as receivables, cash and trade payables, which arise directly from its operations. The Group is exposed through its operations to the following financial risks:

i. Liquidity risk
ii. Capital risk management
iii. Credit risk
iv. Market risk
v. Foreign exchange rate risk

(i) Liquidity risk

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

Cash at bank earns interest at floating rates based on daily bank overnight deposit rates. The fair value of cash and cash equivalents at 31 December 2023 is £129.7m (2022: £61.1m).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 and 2022 based on contractual undiscounted payments.

	<3 months	3-12 months	1 to 5 years	Total
	£'000	£'000	£'000	£'000
31 December 2023				
Trade and other payables	25,269	-	-	25,269
High yield bonds	-	-	700,000	700,000
Listed bonds	-	-	275,000	275,000
RCF	-	-	19,514	19,514
Derivative cash flows	10,298	10,186	30,727	51,211
Lease liabilities	157	473	730	1,360
Client onboarding liabilities	9,526	28,580	-	38,106
Trust loan	29,996	-	-	29,996
Credit agreement	491	1,472	-	1,963
Finance loan	17	41	-	58
Net book value	**75,753**	**40,752**	**1,025,971**	**1,142,477**

26 Financial risk management *(continued)*

	<3 months	3 to 12 months	1 to 5 years	Total
	£000	£000	£000	£000
31 December 2022 (restated)				
Trade and other payables	16,962	-	-	16,962
Listed bonds	-	-	700,000	700,000
RCF	-	-	85,000	85,000
Derivative cash flows	10,298	10,130	51,211	71,639
Lease liabilities	173	517	1,307	1,997
Client onboarding liabilities	16,220	79,980	6,810	103,010
Trust loan	29,347	-	-	29,347
Finance loan	60	-	55	115
Net book value	**73,060**	**90,627**	**844,383**	**1,008,070**

For the balances due within 12 months as listed above, their carrying amounts equal their due amounts as the effect of discounting is negligible. The prior period has been restated to reflect the inclusion and classification of the trust loan, as discussed in Note 20.

(ii) Capital risk management

The main sources of capital for the Group is its equity shareholders' funds, amounting to £1,832.1m (2022: £1,783.0m) and external debt held of £1,022.0m (2022: £825.3m). The Group manages its capital with a focus on maintaining its ability to continue as a going concern while optimising return relative to risks. The Group ensures it can always meet its expected capital and financial needs having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group.

Group subsidiaries are subject to regulatory capital requirements supervision by the Financial Conduct Authority. Management measures and monitors capital resources under the MIFIDPRU requirements at a Group and regulated entity level and under IPRU-INV and IFPR requirements in its individually regulated subsidiaries and has complied with this requirement at year-end.

(iii) Credit risk

Credit risk is the risk of adverse movements in credit spreads, credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, concentration risk and spread risk. The Group is exposed to a credit risk in the form of non-return of cash on deposit and recovery of amounts paid to advisers which are capitalised as client onboarding cost assets. This is managed by the Group by only placing funds with minimum BBB rated leading UK banks for non-return of cash on deposit. For recovery of loans to advisers, the repayment of the receivable is settled by fees generated from the client assets transferred. Management has concluded that the assets transferred generate adequate revenues to support the repayment of the receivables.

The expected credit loss of the Group has been assessed as nil for the year ended 31 December 2023 (2022: nil) as materially all the fees due to the Group are settled via the funds under management. As a result, the Group has relative certainty over the collection of fees due. Credit risk does not have any impact on the fair value movement of financial instruments for the year under review.

The table below represents the Group's exposure to credit risk from cash and cash equivalents:

26 Financial risk management *(continued)*

	AAA £'000	A £'000	BBB £'000	Total £'000
Year ended 31 December 2023				
Cash at amortised cost	-	2,721	18,725	21,446
Money market funds at FVTPL	108,248	-	-	108,248
	108,248	**2,721**	**18,725**	**129,694**
Period ended 31 December 2022				
Cash at amortised cost	-	-	49,350	49,350
Money market funds at FVTPL	11,775	-	-	11,775
	11,775	**-**	**49,350**	**61,125**

(iv) Market risk

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

Management utilise a risk management framework, considering permitted and prohibited market risk exposures and maximum limits on market risk exposures. Management information and stress testing requirements are used to monitor and manage market risk. Group-level governance and monitoring processes provide oversight of the management of market risk by the individual subsidiaries of the Group.

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

(v) Foreign exchange rate risk

The Group faces foreign exchange rate risk from borrowing funds at fixed interest rates in foreign currencies. This risk is managed through the strategic use of cross-currency swap contracts. Specifically, management has implemented a cash flow hedge against Euro Fixed Rate Debt (nominal €360.0m at a 5.0% rate) with three Cross Currency Swaps (Total: paying a fixed GBP £300.0m at 6.8% and receiving a fixed EUR €360.0m at 5.0%). The maturity and coupon payment terms of both the hedged item and hedging instruments are aligned. A 3.0% change in EUR exchange rates, assuming all other variables remain constant, would lead to:

	2023 £'000	2022 £'000
Impact to OCI		
3% increase in EUR to GBP	9,264	6,283
3% decrease in EUR to GBP	(9,837)	(13,224)

Hedging strategies are regularly assessed to align with interest rate views and Management's defined risk appetite, ensuring cost-effectiveness in hedging approaches.

27 Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not presented in this Note. No remuneration was paid to the Directors of the Group and Company for their services in the year (2022: £nil). The Group entered into transactions with related parties as follows.

	Transactions with related parties		Amounts (due to) / due from related parties	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Kane Midco Limited	(1,725)	(235)	(1,490)	235
The True Potential LLP Discretionary Trust 2009	649	29,347	(29,996)	(29,347)
Kane Feeder Limited Partnership	-	1,100	(1,100)	(1,100)
	(1,076)	**30,212**	**(32,586)**	**(30,212)**

Amounts payable to Kane Midco Limited, the parent company, are intragroup transactions payable on demand. They relate to the settlement of administrative and professional fees and the receipt of financing from the intermediate parent, Kane Topco Limited.

The only transaction entered into with The True Potential LLP Discretionary Trust 2009 is a trust loan received by Kane Bidco Limited. The loan accrues compound interest at 2.0%, has no maturity date and is repayable on demand. These terms are considered preferential to the wider market.

The amount payable to Kane Feeder Limited Partnership ("Feeder LP") is a settlement of behalf of other investors for share consideration in Feeder LP.

28 Interest in Unconsolidated Structured Entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group's interests in consolidated and unconsolidated structured entities are described below. The Group does not hold any consolidated structured entities. The Group has interests in structured entities because of contractual arrangements arising from the management of assets on behalf of its clients. The Group's interests are considered standard for a financial advisory and investment management Group. Assets under management include those managed within structured entities. These structured entities consist of unitised vehicles such as OEICs, which entitle investors to a percentage of the vehicle's net asset value. The structured entities are financed by the purchase of units or shares by investors. As fund manager, the Group does not guarantee returns on its funds or commit to financially support its funds. Where external finance is raised, the Group does not provide a guarantee for the repayment of any borrowings. The business activity of all structured entities, in which the Group has an interest, is the management of assets to maximise investment returns for investors from capital appreciation and/or investment income. The Group earns a management fee from its structured entities, based on a percentage of the entity's net asset value. The funds under management of unconsolidated structured entities total £26.3bn (2022: £21.2bn). Included in the revenue on the Consolidated Statement of Comprehensive Income is management fee income of £153.4m (2022: £120.5m) from unconsolidated structured entities managed by the Group.

29 Subsidiaries

Subsidiary undertakings	Proportion of ordinary shares held	Nature of business
Directly held:		
True Potential Group Limited	100%	Holding company
Indirectly held (True Potential Group Limited is the Holding Member):		
True Potential LLP	100%	Corporate Holding Member
True Potential Holdings Limited	100%	Holding company (dormant)
Indirectly held (True Potential LLP is the Holding Member):		
True Potential Adviser Services LLP	100%	Provision of services to financial services distribution firms
True Potential Investments LLP	100%	Provision of a wealth platform
True Potential Wealth Management LLP	100%	Wealth management firm
True Potential Administration LLP	100%	Authorised corporate Director
True Potential Nominees Limited	100%	Platform custodian (dormant)
True Potential Trustee Company Limited	100%	Pension trustee (dormant)

During the year, two 100.0% indirect subsidiaries of the Group, Trem Holdings Limited and C&S Wealth Management Limited, were put in to voluntary liquidation. The liquidation was completed on 15 February 2024. The registered address of these subsidiaries is the Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX. The Directors are confident that the carrying value of the investments is supported by their underlying net assets.

30 Contingent liabilities

Through its normal trading activities, the Group is exposed to certain legal issues that could become disputes and which could develop into litigious proceedings, resulting in contingent liabilities.

A contingent liability may also arise in the event of findings in respect of the Group's tax affairs which could result in a financial outflow to the tax authorities.

The Group works in a changing and complex regulatory environment. As part of its' normal course of business, there is communication with the regulator from time to time on a variety of matters relevant to the business. Interactions in Group subsidiaries with the regulator could lead to the identification of issues that could develop into contingent liabilities.

All such matters are periodically reassessed and as at 31 December 2023 it is too early to anticipate the range of possible outcomes or make a reasonable estimate of any financial impact of these above matters.

31 Ultimate controlling party

Kane Midco Limited, a company registered in Jersey, is the immediate parent. There is no single ultimate parent undertaking. Cinven Capital Management (VII) General Partner Limited exercises its power on behalf of various funds, none of which control Kane Bidco Limited.

32 Events after the reporting period

On 15 February 2024, the liquidation of two 100.0% indirect subsidiaries of the Group, Trem Holdings Limited and C&S Wealth Management Limited, was completed. There is no impact on these accounts resulting from the liquidations.

Kane Bidco Limited

Company Statement of Financial Position as at 31 December 2023
Jersey Registered Number: 137782

	Note	2023 £'000	2022 Restated £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	3	2,733,204	2,572,604
Financial assets	5	9,009	13,928
Total non-current assets		**2,742,213**	**2,586,532**
Current assets			
Trade and other receivables	4	4	235
Cash and cash equivalents		50	115
Total current assets		**54**	**350**
Total assets		**2,742,267**	**2,586,882**
LIABILITIES			
Current liabilities			
Trade and other payables	6	(56,410)	(38,791)
Financial liabilities	7	(55,370)	(46,157)
Total current liabilities		**(111,780)**	**(84,948)**
Non-current liabilities			
Financial liabilities	7	(988,579)	(787,098)
Total non-current liabilities		**(988,579)**	**(787,098)**
Total liabilities		**(1,100,359)**	**(872,046)**
Net assets		**1,641,908**	**1,714,836**
EQUITY			
Share capital		1,795,170	1,795,170
Hedging reserve	8	278	(3,178)
Accumulated losses		(153,540)	(77,156)
Total equity		**1,641,908**	**1,714,836**

The notes on pages 61 to 67 are an integral part of these financial statements. The prior period restatement is discussed in Note 7 of the Company Financial Statements.

The financial statements on pages 59 to 67 were authorised for issue by the Board of Directors on 26 April 2024 and were signed on its behalf by:

Rebecca Hunter
Director

Company Statement of Changes in Equity for the year ended 31 December 2023

	Share capital £'000	Hedging reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 27 August 2021	**-**	**-**	**-**	**-**
Loss for the period	-	-	(77,156)	(77,156)
Other comprehensive expense	-	(3,178)	-	(3,178)
Total comprehensive expense for the period	**-**	**(3,178)**	**(77,156)**	**(80,334)**
Transactions with owners in their capacity as owners:				
Issue of shares	1,795,170	-	-	1,795,170
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	1,795,170	-	-	1,795,170
Balance as at 31 December 2022 and 1 January 2023	**1,795,170**	**(3,178)**	**(77,156)**	**1,714,836**
Comprehensive expense for the year:				
Loss for the year	-	-	(76,384)	(76,384)
Other comprehensive income	-	3,456	-	3,456
Total comprehensive income / (expense) for the year	**-**	**3,456**	**(76,384)**	**(72,928)**
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
Dividends	-	-	-	-
Contribution by shareholder	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance as at 31 December 2023	**1,795,170**	**278**	**(153,540)**	**1,641,908**

The notes on pages 61 to 67 are an integral part of these financial statements.

1 Material accounting policies

1.1 Financial instruments

(i) Financial assets

Basic financial assets, including other receivables, 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 Statement of Comprehensive Income.

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.

1.2 Derivatives

The Company enters derivative financial instruments, including cross currency swaps, to manage its exposure to foreign exchange rates. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1.3 Hedge accounting

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the finance costs line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

1 Material accounting policies *(continued)*

1.3 Hedge accounting *(continued)*

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 21. Movements in the hedging reserve in shareholders' equity are shown in note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability as the remaining maturity of the hedged item is more than 12 months.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

1.4 Administrative expenses

All administrative expenses in Kane Bidco Limited are recognised on an accruals basis.

1.5 Investments in subsidiary undertakings

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

1.6 Prior period restatement

A prior period adjustment has been reflected in the Company Statement of Financial Position and Note 7 to the Company Financial Statements. This relates to a trust loan previously recognised incorrectly as a non-current financial liability. The trust loan is repayable on demand and has been reclassified as a current financial liability in the current year and prior period.

1.7 Accounting judgements and estimates

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates in preparing the Company Financial Statements are:

(i) Carrying value of investments in subsidiaries

Investments are reviewed annually for impairment by the Company. The investment value is recognised at cost less accumulated impairment losses. Management are comfortable with the carrying value of investments supported by the future revenue flows of the subsidiaries.

2 Staff costs

The Company has no employees. No Directors emoluments were paid by the Company in the year (2022: £nil). Information on both the Company and the Group key Management compensation can be found in Notes 13 and 27 to the Consolidated Financial Statements.

3 Investments in subsidiaries

	£'000
At 27 August 2021	**-**
Additions	2,572,604
At 31 December 2022	**2,572,604**
Additions	160,600
At 31 December 2023	**2,733,204**

Management assesses annually for impairment to the carrying value of investment in subsidiaries. No impairment has been recognised in 2023.

During the year the Company purchased 160,000 shares in its subsidiary, True Potential Group Limited, for cash of £117.6m and a debt to equity conversion of £43.0m.

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

4 Trade and other receivables

	2023 £'000	2022 £'000
Prepayments	4	-
Amounts owed by Group undertakings	-	235
	4	**235**

5 Derivative financial instruments

The accounting policy for derivative financial instruments is set out in Note 1 of the Company Financial Statements. As of 31 December 2023, derivative financial instruments designated and effective as hedging instruments were carried at fair value as follows:

	2023 £'000	2022 £'000
Cross currency swap asset*	**9,009**	**13,928**

**The cross currency swaps have a maturity of December 2026.*

The Company hedges the of foreign currency risk on fixed rate debt using a fixed-for-fixed cross-currency swap where the foreign currency basis spread, and forward elements are excluded from the designation of the hedging instrument. The Company has elected, in accordance with IFRS 9:6.5.16 to apply IFRS 9:6.5.15 and recognise the excluded elements in OCI (to the extent they relate to the hedged item). Because the hedged item is a time-period related item, the excluded elements are amortised from OCI to profit or loss on a rational basis over the period during which the hedge adjustment for the included element could affect profit or loss.

The Company may elect to use derivative financial instruments as hedges against financial risk exposures. The use of financial derivatives is governed by Management's appetite towards exposure on foreign exchange risk, interest rate risk and credit risk. Management continue to reassess the need for the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

6 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	1,037	1,100
Amounts owed to Group undertakings	52,893	34,882
Accruals	2,480	2,809
	56,410	**38,791**

Amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand.

Trade payables includes £1.1m (2022: £1.1m) owed to Feeder Limited Partnership, a related party of the Company, disclosed in Note 27 of the Consolidated Financial Statements.

7 Financial liabilities

	2023	2022 Restated
	£'000	£'000
Current		
Accrued interest	25,374	16,810
Trust loan	29,996	29,347
	55,370	**46,157**
Non-current		
High yield bonds	699,536	702,098
Other listed bonds	269,529	-
Revolving credit facility	19,514	85,000
	988,579	**787,098**
Total financial liabilities	**1,043,949**	**833,255**

(i) *High yield bonds*

In 2022, the Company issued £400.0m and €360.0m high yield bonds on The International Stock Exchange (TISE), with coupons of 6.5% and 5.0% respectively. See Note 21 of the Consolidated Financial Statements for the cross currency swap details relating to the Eurobond. High yield bonds mature in February 2027.

(ii) *Other listed bonds*

During the year the Company issued floating rate bonds on TISE of £50.0m, £100.0m and £125.0m on 14 February 2023, 22 August 2023 and 28 December 2023 respectively. Interest coupons payable on each bond is at SONIA plus 6.75%, 6.25% and 5.75% respectively. The bonds are due 15 February 2027 and 15 February 2028.

(iii) *Revolving credit facility*

In 2022, the Company entered into a revolving credit facility (“RCF”) with up to £120.0m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum facility. Interest on the RCF is accrued at SONIA plus 3.5%. At 31 December 2023 the amount drawn on this facility was £19.5m. The RCF matures in February 2027.

(iv) *Trust loan*

In 2022, the Company entered into a loan agreement with the True Potential LLP Discretionary Trust 2009, amounting to £36.5m. Interest on the trust loan is compounded at 2.0%. At 31 December 2023 the outstanding balance of the loan was £30m. The Trust loan has no maturity date and is repayable on demand. The terms of this loan are considered preferential to the wider market. This is the only transaction entered into by the Company with the Trust and is a related party transaction disclosed in Note 27 of the Consolidated Financial Statements. A prior period adjustment has been made for the trust loan to reclassify it as a current financial liability per the terms of the loan. Previously, this was classified as a non-current financial liability.

8 Hedging

	2023 £'000	2022 £'000
At 1 January	**(3,178)**	**-**
(Loss) / gain arising on changes in fair value of hedging instruments during the period	(9,616)	11,248
Gain / (loss) reclassified to profit or loss	13,072	(14,426)
At 31 December	**278**	**(3,178)**
Of which		
Gain / (loss) related to continuing cash flow hedges	**278**	**(3,178)**

Gains and losses reclassified to profit or loss are recognised within finance costs and are presented in Note 10 of the Consolidated Financial Statements.

9 Company Statement of Comprehensive Income

As permitted by the Companies (Jersey) Law 1991, the Company has elected not to present its own Statement of Comprehensive Income for the year ended 31 December 2023.

Kane Bidco Limited reported total comprehensive expense of £72.9m for the year ended 31 December 2023 (2022: £80.3m).

10 Risk management

Risk management in the context of the Company and Group is considered in the Consolidated Financial Statements Note 26. The business of the Company is managing its investments in subsidiaries. Its risks are considered to be the same as those in the operations themselves, and full details of the major risks and the Company and Group's approach to managing these are given in the Consolidated Financial Statements. There are no material assets or liabilities other than investment in subsidiaries and corresponding intercompany balances which require further risk management by the Company specifically.

11 Related party transactions

The Directors and key Management of the Company are considered to be the same as for the Group. Information on both the Company and the Group key Management compensation can be found in Notes 13 and 27 to the Consolidated Financial Statements. Transactions between the Company and related parties are detailed in Note 27 to the Consolidated Financial Statements.

12 Events after the reporting period

On 15 February 2024, the liquidation of two 100.0% indirect subsidiaries of the Company, Trem Holdings Limited and C&S Wealth Management Limited, was completed. There is no impact on these accounts resulting from the liquidations.