Registration number: 03909395

Tenet Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2017

Ultimate Parent Company Accounts of TENET CLIENT SERVICES LTD
Consolidated Financial Statement filed in support of the unaudited statutory accounts of TENET CLIENT SERVICES LTD
Registered Number: 3307674

Tenet Group Limited

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Tenet Group Limited

Company Information

Directors

H M Ball

C J Bradley

K Craig

M J Greenwood

A M Beswick

P Hilling

A B Meeks

J Tunbridge

J Ewing

Company secretary

R J Fletcher

Registered office

5 Lister Hill
Horsforth
Leeds
LS18 5AZ

Solicitors

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Bankers

Lloyds Bank PLC
116 Wellington Street
Leeds
LS1 4LT

Auditors

Deloitte LLP
Chartered Accountants & Statutory Auditor
1 City Square
Leeds
LS1 2AL

Tenet Group Limited

Strategic Report for the Year Ended 30 September 2017

Chief Executive's Statement

During a year defined by further regulatory change around MiFID II, General Data Protection Regulation and the Senior Managers and Certification Regime, I am pleased to report that our statutory turnover increased by £14.9m to £168.6m (2016:£153.7m) and EBITDA (Earnings Before Interest, Tax and Depreciation) before Exceptional Items increased by 44% to £2.2m (2016: £1.5m). The loss before tax for the year was £0.4m (2016:£0.6m profit before tax).

• Lime, the Group's mortgage network, increased turnover by 25% to £50m and increased assets by £0.25m.

• Connect, the Group's investment network reported another strong year with turnover of £114m, an increase of 3% from 2016.

• TenetSelect, the Group's Directly Authorised proposition increased its profit by £0.2m.

• Sinfonia, for the fourth year running, has been awarded a 5 Diamonds rating by Defaqto and saw a 2% increase in turnover.

• Paragon, the Group's captive insurance company, continues to provide stable professional indemnity insurance and uniquely offers lifetime run-off cover to both ex-members and current members.

• Successful acquisition of the client banks of two Appointed Representatives.

We completed the circle on our adviser journey this year with the launch of a new practice buyout scheme, whereby we are acquiring client banks of, or shares in, exiting investment firms. This means we can take advisers from joining through to supporting them in retirement, safe in the knowledge that their clients remain under the Tenet brand.

We successfully launched a Tenet platform following a five year agreement with Hubwise. This enables both non-Tenet and Tenet advisers to access Sinfonia Asset Management funds via the 'Sinfonia Hub Platform'.

On the consumer front, we continue to mandate run-off cover for member firms, to offer long term protection for their clients, and our high business standards have enabled us to freeze our net percentage PII charges for the fourth consecutive year.

On the technology front we began a major project to improve the way our advisers get paid, investing in remuneration improvements, which will make this more streamlined.

The Group incurred exceptional costs during the year after taking the difficult decision to restructure a loss making subsidiary, Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited) and undertaking a strategic review initiated by its major shareholders, which resulted in the decision by the shareholders to retain their investment in the Group for the foreseeable future.

The balance sheet of the Group at 30 September 2017 continues to remain extremely robust with £24.2m of cash, no external debt and £29.9m of net assets.

Strategic Report for the Year Ended 30 September 2017 (continued)

We are proud to be one of the few groups who continue to make a success of the independent network model, whilst also being able to transition firms to directly authorised status. For the Group, it remains important that our advisers are able to choose the right model for their business and our core focus is to give them freedom of choice over their operating model and to keep the end client at the heart of everything we do.

Our improved underlying performance for 2017 is a direct result of the hard work and commitment that all our colleagues across the Group have shown and I would like to thank them all on behalf of the Board for their contribution to our success.

M. J. Greenwood

MARTIN GREENWOOD
CHIEF EXECUTIVE

Overview of the business

The Directors of Tenet Group Ltd report a set of results which highlight the improving underlying performance of the Group, offset by the expensing of exceptional items relating to the restructuring of a loss making subsidiary and a strategic review exercise initiated by the major shareholders. The conclusion of the two activities now provides the Group with a solid platform on which to improve performance and implement its five year strategy. Set out below is an overview of the principal activities of the business, its objectives and the challenges it faces.

Review of the business

The principal activity of the company is that of a holding company of a group of companies that provide financial services to private individuals and provide support services and facilities to firms of financial advisers. Services provided by the Group include the following:

- Provision of financial advice;
- Compliance consulting;
- Industry guidance;
- Technical advice;
- Fee processing facilities and business administration;
- Provision of professional indemnity insurance; and
- Sponsorship of an asset management service for private individuals.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Objectives

The Group's mission is to help people achieve their financial goals and in doing so to keep our clients and advisers safe. We pride ourselves on providing our network members with the freedom of choice over the operating model that they use and that we put the end client at the heart of everything that we do. In addition we aim to trade profitably, increasing shareholder value and maintaining our financial strength. Central to Tenet's objectives are the values of:

- Customer focus;
- Open and honest;
- Innovate and change;
- Shared success; and
- Be commercial.

By living these values and making them a part of everything we do we will strive to treat our members, our customers, our company, our shareholders and our colleagues fairly. Integral to our objectives and a fundamental enabler is the engagement and ongoing development of Tenet's employees in order to retain and motivate our most talented people.

Strategy

A long term plan has been reviewed and updated to improve shareholder value and to manage the business in accordance with its risk appetite over a five year period.

The board agreed strategic themes for the Group that have been communicated to all employees and linked to their objectives, these themes continue and will evolve into 2018 and beyond as part of the Group's long term plan. The strategic themes are:

• Attract and retain network members;

• Acquire member firms providing them with exit strategies;

• Continue to provide operational excellence in line with our risk appetite;

• Improve operational efficiency; and

• Pursue a high performance culture with a highly engaged work force.

Tenet remains committed to being a supporter of independent advice as well as servicing advisers who move to a restricted model.

Financial performance

The Group has continued to grow and improve underlying performance in the year. The consolidated income statement on page 16 shows that turnover increased by 9.7% to £168.6m (2016: 153.7m) which helped deliver an increase in gross profit of 1.9%. Cost control has been exercised carefully and as a result administrative costs have decreased by 1.3% to £19.5m (2016: £19.7m) despite the increased activity required to deliver a higher turnover, which demonstrates a pleasing improvement in productivity. After exceptional items Tenet Group Ltd made a loss of £0.4m for the year ended 30 September 2017 (2016: £0.6m profit). The exceptional items related to:

1. the restructuring of a loss making subsidiary (Tenet Financial Services Limited, formerly The Employee Benefits Corporation Limited) which resulted in the relocation of the business to head office and a reduction in operating costs, whilst still providing a continued auto enrolment service to its customers. In addition an impairment review was carried out on the investment value held for this subsidiary and of the balance sheet; and

2. a strategic review of the Group, initiated by the shareholders, resulting in the decision by the major shareholders to retain their investment in the Group for the foreseeable future.

The conclusion of these activities now provides the business with the opportunity to more effectively implement its five year strategy going forwards.

Financial Position

The balance sheet on page 17 shows that the Group's financial position year on year in cash terms has increased by £1.4m to £24.2m (2016: £22.7m) and the net assets have decreased by £0.2m to £29.9m (2016: £30.1m).

Details of amounts owed to and by other Group companies are shown in Note 14 and Note 20. A number of Group companies are regulated by the Financial Conduct Authority and commentary on the financial resources of these firms is included in this report.

The Group has generated net cash from operating activities of £2.8m (2016: £1.8m)

Significant events after the balance sheet date are detailed in Note 22.

Other developments and successes in the year

Key developments in the year include:

• Awarded three star accreditation for 'exceptional' service by Investors in Customers.

• New Tenet Platform launched in conjunction with Hubwise.

• Defined off-the-shelf restricted proposition and exit planning solution via practice buyouts launched.

• Winner at 2017 L&G Business Quality Awards, in a category where quality metrics are analysed and best performance is recognised against our peer group.

• Best Network winner at the 2017 Money Marketing awards.

• Successfully lobbied for an FSCS provider levy and against proposed MiFID II mandated call recording.

• Provided full plain English support for advisers on the requirements of MiFID II and General Data Protection Regulation.

Principal risks and uncertainties

Group companies are active in the sale of regulated financial products and advise customers as to their appropriateness. As a consequence, elements of the Group's activities are regulated which gives rise to a number of risks, including censure by the Financial Conduct Authority ("FCA"). Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 2, 13 and 16) and fines imposed by the FCA for regulatory breaches. Such Group companies operate a strict compliance regime, including regular audits of their Appointed Representatives or financial advisers as applicable, to mitigate such risks and have arranged professional indemnity insurance (see below) which conforms to the requirements of the FCA.

For some Group companies, the lead provider of professional indemnity insurance is Paragon Insurance Company Guernsey Limited ("Paragon"), a Group company. The risks associated with providing this insurance are in respect of uncertainties as to whether an insured event will occur, when it will occur or how much Paragon will need to pay if it occurs. Furthermore, the structure of the insurance policy is an Alternative Risk Transfer structure which provides insurance cover over a period of more than one year. Paragon has substantial cash reserves which are ring-fenced from general Group cash resources in order to meet claims which may arise. Paragon receives premiums each year from Tenet Group Limited which are based primarily upon an assessment of the long-term average losses in respect of claims arising from the sale of financial products arranged by the Appointed Representatives of TenetConnect Limited, TenetConnect Services Limited and TenetLime Limited. This calculation is prepared by professional advisers to the Group on an actuarial basis.

Paragon's activities are regulated which gives rise to a number of risks, including censure by the Guernsey Financial Services Commission ("GFSC"). Such risks may manifest themselves financially through fines imposed by GFSC for regulatory breaches. Paragon operates a strict compliance regime, including regular audits of its procedures and reporting requirements carried out by Paragon's manager, Marsh Management Services Guernsey Limited, to mitigate such risks and to conform to the requirements of the GFSC.

Group companies receive fees and commission from the sale of financial products from life companies and mortgage brokers. Some commission payments are received on an "indemnity" basis and may become repayable in the event that a policy is cancelled subsequent to its sale. Where such clawbacks of commission occur, such Group companies recharge all of such amounts to their Appointed Representatives or financial advisers as applicable. As a consequence, to mitigate the risk of accepting commission on an indemnity basis, such Group companies monitor this activity and the ability of their Appointed Representatives/financial advisers to service clawback liabilities.

Competitive pressure is a continuing risk for Group companies, which could result in them losing sales to their key competitors. Group companies manage this risk by providing added value services to their clients, Appointed Representatives and financial advisers, having fast response times not only in supplying products and services but also in handling all queries, and by maintaining strong relationships with their clients, Appointed Representatives and financial advisers.

Company
The company has pursued a strategy for growth, achieved partially through acquisition. Acquisitions carry inherent risks for the company. To mitigate these risks, due diligence appropriate to the size and type of business being acquired is undertaken, whilst having due regard for the nature of the transaction. Furthermore, acquisitions are only completed should legal documentation satisfactory to the company be agreed with the vendors of any acquired business.

Financial resources of the regulated network businesses at 30 September 2017

A requirement of the Financial Services and Markets Act 2000 is that firms directly authorised by the Financial Conduct Authority to give financial advice in respect of regulated financial products should have minimum levels of financial resources. There are strict rules governing the calculation of these.

At 30 September 2017, the statutory accounts of each of the Group's three regulated networks (TenetConnect Services Limited, TenetConnect Limited and TenetLime Limited) confirmed that each of them satisfied their relevant regulatory financial resources requirements.

The management accounts of the Group also confirm that each of TenetConnect Services Limited, TenetConnect Limited and TenetLime Limited satisfied their relevant regulatory financial resources requirements at all times during the last twelve months.

The directors are confident that these regulated businesses will continue to meet their financial resource requirements for the forthcoming financial year.

Tenet Group Limited

Strategic Report for the Year Ended 30 September 2017 (continued)

Approved by the Board on 1 February 2018 and signed on its behalf by:

....
M J Greenwood
Director

Tenet Group Limited

Directors' Report for the Year Ended 30 September 2017

The directors present their report and the consolidated financial statements for the year ended 30 September 2017.

Directors' of the group
The directors, who held office during the year, were as follows:

H M Ball

C J Bradley

K Craig (appointed 29 August 2017)

G M Davidson (resigned 13 December 2016)

M J Greenwood

G E Harle (resigned 16 October 2017)

M J O'Brien (resigned 22 June 2017)

A M Beswick

P Hilling

A B Meeks

M Pheasey (resigned 16 November 2016)

D J Wild (resigned 20 July 2017)

The following directors were appointed after the year end:

J Tunbridge (appointed 28 November 2017)

J Ewing (appointed 20 December 2017)

Results and Proposed dividends
The results for the year are dealt with in the income statement.

It remains the policy of the Board of Directors to retain cash generated by the Group for the financing of new business initiatives and to support the Group's on-going operations. Consequently, the directors do not recommend the payment of a dividend (2016:£nil).

Future Developments and post Balance Sheet Events
These are referred to in the Strategic Report.

Corporate Governance
Key features of the way the Group governs itself are reported below.

Directors

The Group is controlled through the company's Board of Directors, which comprises the Chairman, Chief Executive, the non-executive directors and executive directors. The Board normally meets every month. All directors receive sufficient relevant information on financial, business and corporate issues prior to meetings and are able to take independent professional advice in the furtherance of their duties, if necessary.

Board

The Board is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure and significant financing matters. It monitors exposure to key business risks and reviews the strategic direction of individual trading activities, annual budgets and progress towards achieving them, and employee issues including key executive appointments.

The Board has established an Audit Committee, Risk Committee, Remuneration Committee, Nomination Committee, Regulatory Policy Committee, Advice Quality Forum and Authorisations Committee to be responsible for specific matters. Each of these committees operate within defined terms of reference. Apart from the Nomination Committee and Remuneration Committee, the minutes of these meetings are circulated to, and reviewed by, the full Board.

Audit Committee

The Committee is chaired by a non-executive director and comprises only non-executive directors; no executive director is a member of the committee.
The principal work undertaken by the Committee relates to the review of the audit of the annual financial reports and matters arising from the audit, with the external auditors in attendance. It is also responsible for agreeing the annual remuneration of the external auditors. Additionally, the Audit Committee develops and approves the internal audit strategy and receives reports from its internal auditors, the Committee responds to recommendations made by the Risk Committee as well as internal reviews and reports provided by the Group's external auditors. Based upon its findings, the Audit Committee makes recommendations to the Board regarding accounting policies, internal financial and regulatory compliance standards and the effectiveness of the internal and external audit function.

Risk Committee

The Risk Committee examines and challenges the processes, systems and controls of the Group and aims to identify any risks that the Group might face or that could impact on Customer Outcomes. The Committee reviews the Group's Risk Register and receives additional information on relevant risk matters from line management and other sources on a regular basis. A non-executive director chairs the Committee.

Remuneration Committee

The Remuneration Committee reviews the Group's remuneration policy, the main purpose of which is to attract, retain and motivate high calibre individuals with a competitive remuneration package whilst limiting the Group's fixed employee costs. The Committee consults other directors as necessary about its proposals and has access to professional advice from outside the company. The Committee makes recommendations to the Board regarding remuneration policy, including annual salary reviews, bonus awards and other incentives for employees. The Committee is chaired by a non-executive director.

Authorisations Committee

The Authorisations Committee is responsible for the review and assessment of applications of firms or individual advisers, together with the monitoring of any performance issues identified with any firms or individual advisers within the Network. It is chaired by the Group Regulatory Director and its membership is comprised of senior Executives.

Nomination Committee

The Nomination Committee comprises non-executive directors and meets on an ad hoc basis to consider changes to the Board of Directors, if any.

Tenet Group Limited

Directors' Report for the Year Ended 30 September 2017 (continued)

Regulatory Policy Committee

The Regulatory Policy Committee is responsible for reviewing and approving policy development in the Group's regulated businesses. It is chaired by the Group Regulatory Director and its membership includes senior Executives. The Minutes of the Committee's monthly meetings form part of the management information provided to the Group's Directors.

Advice Quality Forum

The Advice Quality Forum operates as part of the Group's commitment to improving the standards of advice and related consumer outcomes. Chaired by the Group Regulatory Director, the Committee meets monthly and considers issues of business quality and consistency whilst, benchmarking advisory standards and adjudicating in areas where policy guidance is required. The Committee comprises senior Executives of the regulated businesses, including the Chief Executive.

Directors' remuneration

The remuneration packages of directors and other executives comprise a basic salary, performance related bonus, pension contributions and other benefits in kind. No director plays a part in any discussion about his or her own remuneration.

The Annual General Meeting of the Shareholders

The Board welcomes the attendance of shareholders at the Annual General Meeting and the opportunity to address any questions that they may have.

Directors' Indemnities

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors of the company, to the extent permitted by law and the company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company or any of its subsidiaries.

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The Group's credit risk is primarily attributable to trade receivables and the provision of loans as part of the Group's ongoing support for its Appointed Representatives. The Group's credit control function continually reviews outstanding Appointed Representative's balances for recoverability and reports on these to management. These balances are then impaired where management's opinion is that the balance is not fully recoverable. Credit risk is mitigated by the fact that amounts owed by Appointed Representatives can be offset against amounts owed to the Appointed Representatives and company policy is to deal only with creditworthy counterparties. Trade receivables and other debtors from Appointed Representatives consist of a large number of customers and are spread across a diverse geographical area within the U.K. The company does not have any significant credit risk exposure to any single counterparty.

Financial instruments (continued)
The credit risk on receivables due from product providers is limited due to the regulatory requirements on these companies to maintain a sufficient level of capital to meet their current liabilities. These receivables are due from a large number of product providers and are payable to the company within one month of the obligation arising. The balances due from trade customers are comprised of trade receivables and other debtors (see Notes 2 and 14). The company holds no collateral over these balances.

Credit risk on cash balances is managed through the lodgement of such balances through a number of financial institutions. A significant proportion of the loans and receivables between group companies relate to cash balances transferred to another group company to place on treasury deposit, so as to obtain greater returns on such deposits. Credit risk on this balance is managed in this other group company in the same way as cash balances are in the company.

Market risk is the risk that arises from adverse movements in equity, bond, interest rate, foreign exchange or other traded markets. The company's exposure to market risk arises solely in relation to interest rate fluctuations on the returns from its capital which is not hedged and a number of loans made to Appointed Representatives. Group treasury policy is to maximise credit interest whilst maintaining sufficient liquidity within each group company in order to meet operational and regulatory requirements.

Liquidity risk is the risk of not being able to meet liabilities as they fall due. The company is capitalised at a level required to meet its business and regulatory needs. Responsibility for liquidity risk management rests with the company's board which receives information on the Group's short term requirements on a weekly basis and medium to long term requirements on a monthly basis. Cash flow monitoring and forecasting form part of the reports regularly delivered to the Group's board which are also reported to the parent company board. Liquidity risk on financial liabilities is mitigated by the fact that a significant proportion of the financial liabilities only become payable upon receipt of trade receivables. All financial liabilities are payable within three months of the obligation arising.

Political contributions
It is the Group's policy not to make contributions for political purposes.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, the company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, employees receive an annual bonus related to the overall profitability of the group.

Going concern

Although the on-going economic conditions create uncertainty in respect of the level of demand for financial services products, the Group had positive trading in the financial year ended 30 September 2017 and has a strong balance sheet and cash position. The Group's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in trading performance, show the Group should be able to operate within its own financial resources without the requirement for new funding. As a consequence, the directors believe that the Group continues to be amongst the best placed in its sector to manage its business risks successfully in the present challenging economic environment.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report on pages 2 to 12. The financial position of the Group, its cash flows and its liquidity position are described in the Strategic Report. In addition, Note 20 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, market risk and liquidity risk.

The Group has a significant level of financial resources, including £24.2m of cash at bank, net assets of £29.9m, with no bank debt or other financial liabilities with any restrictive or financial covenants. It has long established relationships with a large number of clients, advisers and product providers across a diverse geographical area within the UK, with no significant credit risk exposure to any single counterparty.

As stated in Note 2, taking these factors into account, and after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 1 February 2018 and signed on its behalf by:

....

K Craig

Director

Tenet Group Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Tenet Group Limited

Independent Auditor's Report to the members of Tenet Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:
• the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's loss for the year then ended;
• the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
• the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tenet Group Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:
• the consolidated income statement;
• the consolidated and parent company statements of financial position;
• the consolidated and parent company statements of changes in equity;
• the consolidated and parent cash flow statement;
• the statement of accounting policies; and
• the related notes 1 to 22.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the members of Tenet Group Limited (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

• the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of Tenet Group Limited (continued)

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Peter Birch FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

1 City Square
Leeds
LS1 2AL

1 February 2018

Tenet Group Limited

Consolidated Income Statement for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Revenue	3	168,588,521	153,734,288
Cost of sales		(146,956,604)	(132,515,853)
Gross profit		21,631,917	21,218,435
Administrative expenses		(19,472,558)	(19,709,470)
Profit before interest, tax, depreciation and amortisation		2,159,359	1,508,965
Exceptional costs	4	(1,475,116)	-
Depreciation, amortisation and impairment charges	5	(1,190,912)	(1,156,079)
Group operating (loss)/profit	5	(506,669)	352,886
Finance income		131,400	231,389
Finance costs		(1,034)	(10)
Net finance income	6	130,366	231,379
(Loss)/profit before tax		(376,303)	584,265
Income tax receipt/(expense)	10	-	-
(Loss)/profit for the year		(376,303)	584,265
(Loss)/profit attributable to:			
Owners of the company		(317,950)	627,393
Non-controlling interests		(58,353)	(43,128)
		(376,303)	584,265

There was no recognised income and expenditure in the current or preceding years other than the (loss)/profit for the year as shown above and consequently no statement of comprehensive income has been presented.

The above results were derived from continuing operations.

Tenet Group Limited

(Registration number: 03909395)
Consolidated Statement of Financial Position as at 30 September 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Property, plant and equipment	11	3,566,309	3,583,858
Intangible assets	12	11,971,395	12,221,466
Investments	13	234,000	-
		15,771,704	15,805,324
Current assets			
Trade and other receivables	14	11,537,492	11,732,938
Cash and cash equivalents	15	24,194,833	22,725,391
		35,732,325	34,458,329
Total assets		51,504,029	50,263,653
Current liabilities			
Trade and other payables	16	(14,805,998)	(12,819,948)
Non-current liabilities			
Provisions for liabilities	17	(6,811,877)	(7,387,973)
Total liabilities		(21,617,875)	(20,207,921)
Net Assets		29,886,154	30,055,732
Equity			
Share capital	18	24,731	24,731
Share premium		37,914,168	37,914,168
Retained earnings		(8,052,745)	(7,734,795)
Equity attributable to owners of the company		29,886,154	30,204,104
Non-controlling interests		-	(148,372)
Total equity		29,886,154	30,055,732

Approved by the Board on 1 February 2018 and signed on its behalf by:

K Craig
Director

The notes on pages 26 to 52 form an integral part of these financial statements.

Tenet Group Limited

(Registration number: 03909395)
Company Statement of Financial Position as at 30 September 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	13	39,213,353	39,213,353
Current assets			
Trade and other receivables	14	1,893,914	2,198,887
Cash and cash equivalents	15	1,230	57,430
		1,895,144	2,256,317
Current liabilities			
Trade and other payables	16	(2,769,863)	(3,169,879)
Net Assets		38,338,634	38,299,791
Equity			
Called-up share capital	18	24,731	24,731
Share premium		37,914,168	37,914,168
Retained earnings		399,735	360,892
Total equity		38,338,634	38,299,791

The consolidated income statement includes a profit of £38,843 (2016: loss of £965,496) which has been dealt with in the financial statements of the company. The company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements.

Approved by the Board on 1 February 2018 and signed on its behalf by:

K Craig
K Craig
Director

Tenet Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2017

	Share capital £	Share premium £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
At 1 October 2016	24,731	37,914,168	(7,734,795)	30,204,104	(148,372)	30,055,732
Loss for the year	-	-	(317,950)	(317,950)	(58,353)	(376,303)
Total comprehensive income	-	-	(317,950)	(317,950)	(58,353)	(376,303)
Write off NCI balance	-	-	-	-	206,725	206,725
At 30 September 2017	24,731	37,914,168	(8,052,745)	29,886,154	-	29,886,154

	Share capital £	Share premium £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
At 1 October 2015	24,731	37,914,168	(8,362,188)	29,576,711	(105,244)	29,471,467
Profit/(loss) for the year	-	-	627,393	627,393	(43,128)	584,265
Total comprehensive income	-	-	627,393	627,393	(43,128)	584,265
At 30 September 2016	24,731	37,914,168	(7,734,795)	30,204,104	(148,372)	30,055,732

Tenet Group Limited

Company Statement of Changes in Equity for the Year Ended 30 September 2017

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 October 2016	24,731	37,914,168	360,892	38,299,791
Profit for the year	-	-	38,843	38,843
Total comprehensive income	-	-	38,843	38,843
At 30 September 2017	24,731	37,914,168	399,735	38,338,634

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 October 2015	24,731	37,914,168	1,329,022	39,267,921
Loss for the year	-	-	(968,130)	(968,130)
Total comprehensive income	-	-	(968,130)	(968,130)
At 30 September 2016	24,731	37,914,168	360,892	38,299,791

The notes on pages 26 to 52 form an integral part of these financial statements.

Tenet Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
(Loss)/profit for the year		(376,303)	584,265
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	1,190,912	1,156,079
Finance income	6	(131,400)	(231,389)
Finance costs	6	1,034	10
		684,243	1,508,965
Working capital adjustments			
Decrease/(increase) in trade and other receivables	14	195,446	(879,709)
Increase in trade and other payables	16	2,448,538	1,356,102
Decrease in provisions	17	(576,096)	(161,963)
Net cash flow from operating activities		2,752,131	1,823,395
Cash flows from investing activities			
Interest received	6	131,400	231,389
Acquisitions of property plant and equipment		(913,272)	(1,261,692)
Proceeds from sale of property plant and equipment		2,083	-
Acquisition of intangible assets	12	(408,398)	(316,389)
Acquisition of investments	13	(234,000)	-
Cash advances and loans made to other parties		(379,413)	(577,167)
Repayments of cash advances and loans		519,945	554,188
Net cash flows from investing activities		(1,281,655)	(1,369,671)
Cash flows from financing activities			
Interest paid	6	(1,034)	(10)
Net increase in cash and cash equivalents		1,469,442	453,714
Cash and cash equivalents at 1 October		22,725,391	22,271,677
Cash and cash equivalents at 30 September		24,194,833	22,725,391

Tenet Group Limited

Company Statement of Cash Flows for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit/(loss) for the year		38,843	(968,130)
Adjustments to cash flows from non-cash items			
Finance income		(45,324)	(47,714)
Finance costs		-	13,173
Income tax expense		-	(1)
		(6,481)	(1,002,672)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	14	304,973	(163,025)
(Decrease)/increase in trade and other payables	16	(400,016)	1,148,004
Net cash flow from operating activities		(101,524)	(17,693)
Cash flows from investing activities			
Interest received		45,324	47,714
Cash flows from financing activities			
Interest paid		-	(13,173)
Net (decrease)/increase in cash and cash equivalents		(56,200)	16,848
Cash and cash equivalents at 1 October		57,430	40,582
Cash and cash equivalents at 30 September		1,230	57,430

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:
5 Lister Hill
Horsforth
Leeds
LS18 5AZ

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9 Financial instruments
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases
IFRS 2 (amendments) Share-based Payments
IFRS 1 & IAS 28 (amendments) Investment in Associates
IAS 40 (amendments) Transfers of Investment Property
IFRS 11 (amendments) Accounting for Acquisitions of Interest in Joint Operations
IAS 1 (amendments) Disclosure Initiative
IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27 (amendments) Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28 (amendments) Investment Entities:Applying the Consolidation Exemption
Annual Improvements to IFRSs:2012-2014 Cycle Amendments to:IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS
19 Employee Benefits and IAS 34 Interim Financial Reporting

The directors do not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

2 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Accounting policies (continued)

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as applicable to unlisted entities. The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

As stated in the Directors' Report and after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Basis of Consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 September 2017. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, or the loss of the power to control.

During the year the group increased its holding in Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited) to 100% from 79.80%. Because of this there is no longer a non-controlling interest shown in the Group's balance sheet.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on acquisition before the date of transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

Intangible assets
Intangible assets are stated at cost net of amortisation. Amortisation is provided at rates calculated to write off the costs of each asset over its estimated useful economic life.

Investments
Investments are included at cost less amounts written off for permanent impairment.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation with the exception of work in progress on computer equipment which reflects expenditure on assets not yet brought into use and therefore not yet subject to depreciation. Depreciation is provided at rates calculated to write off the cost, less the estimated residual value of each asset, on a straight-line basis over its estimated useful life.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment & software	3 years
Leasehold improvements	5 - 10 years
Fixtures & fittings	5 years

Leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term even if the payments are not made on such a basis.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the effect is material. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition where the effect is material.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method where the effect is material

Financial assets and liabilities

Classification

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Recognition and measurement

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

2 Accounting policies (continued)

Defined contribution pension obligation
The Group operates a defined contribution pension scheme. The amounts charged to the income statement are the contributions payable in the year. Differences arising between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses 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, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Unless the effect of discounting is material, deferred tax is measured on a non-discounted basis.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Purchased goodwill	20 years straight line

Share based payments
The Group operates an Enterprise Management Incentive Plan which is approved by Her Majesty's Revenue & Customs as well as an Unapproved Share Options Plan for the benefit of all eligible employees. The value of the options at the date of issue is intrinsically low as the options are not assignable and Tenet Group Limited is not a listed company. As a consequence, the impact on the profitability of the company and its net assets is immaterial and the cost of share-based payments is therefore disregarded in the preparation of the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The following are critical judgements, apart from those involving estimations (which are dealt with separately below), that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

All revenue relates to the principal activities described in the accompanying Strategic Report and arises in the United Kingdom.

Revenue is measured at the fair value of the consideration received or receivable and represents commissions and fees receivable, other amounts receivable from product providers and sales of services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Initial commissions are accounted for when policies are accepted by the product providers, or mortgages complete, whilst renewal commissions are accounted for when received. Related amounts of commission due to the Group's agents (Appointed Representatives and/or financial advisers) are included in cost of sales and trade creditors. Fee income is recognised based on when the service is provided and when considered certain.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Commission clawback

All commission amounts previously paid by Group companies in respect of such cancelled policies are recharged in their entirety to the relevant Appointed Representative and/or financial adviser.
Commission clawbacks are typically recharged to the relevant Appointed Representative by TenetConnect Services Limited, TenetConnect Limited and TenetLime Limited. Where the collection of such receivables is doubtful, each company makes an appropriate provision. Aspire Financial Management Limited will recharge commission amounts clawed back to the relevant adviser and depending upon the type of cancelled policy, TenetFinancial Solutions Limited may recharge commission amounts clawed back to the introducer of the business.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Claims payable

In the normal course of business some Group companies receive queries and complaints regarding the sale of financial products and/or financial advice. Where appropriate these are investigated in accordance with the relevant company's procedures. In some instances redress may be payable.

For some Group companies, the lead provider of Professional Indemnity Insurance is another Group company, Paragon Insurance Company Guernsey Limited. This business holds adequate cash reserves to meet claims which arise. These balances are ring-fenced from Group cash resources.

Run-off cover

The PII cover provided by Paragon insures current members of the networks on a 'claims made' basis. Ex members of the networks cease to be insured for claims arising which presents them with a significant financial burden of having to pay any redress. To help with this the Group introduced through Paragon a lifetime PII run off cover product which provides ex members of the networks with continuing PII cover for a one off fee.

Since 2013 the Group has allocated a proportion of the members annual PII premium to run off. In effect, this has accrued a discount toward a future run off policy which the member could buy once they have left the networks.

The accrued funds are held in a designated trust account by Paragon and are converted to premium when members leave the Group and purchase the run off cover. Where members leave the Group and do not purchase run off cover, the accrued funds are transferred to Paragon; should any claim arise against any ex member then the accrued funds would be offset against any claim and the ex-member would then be liable for the balance of any loss.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Goodwill

To determine whether goodwill is impaired requires the Group to make an estimate of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and to discount these at a suitable discount rate factor ('DCF') in order to calculate the net present value. The Group has used a DCF of 10% in its calculation and uses estimated cashflows from board approved five year budgets. The carrying amount of goodwill at the balance sheet date was £10,538,543 - during the year £396,296 of goodwill was written off following a restructure of Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited), a wholly owned subsidiary.

Claims payable

Based upon the experience of the relevant company, an estimate of total redress which may be payable is calculated. These amounts, if they become payable, will usually be recovered from either Professional Indemnity insurers and/or the Appointed Representative and/or financial advisers responsible for giving the advice about which the complaint was made. Where the collection of such receivables is doubtful, the company makes an appropriate provision.

Revenue recognition

Due to the nature of the business of several Group entities including, TenetConnect Limited, TenetConnect Services Limited, TenetLime Limited, TenetFinancial Solutions Limited, Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited) and Aspire Financial Management Limited; it is not possible to precisely determine at the date of the financial statements which policies have been accepted by the product providers or mortgages completed where commissions have not yet been received by these companies. This estimate is instead based upon historic data regarding the value of policies submitted to the product providers and deemed to be on risk. The directors review the basis of this estimate to ensure the adequacy of these calculations.

Commission clawback

A number of Group companies make a provision in respect of commissions received on "indemnity" terms whereby commission amounts are repayable if policies are cancelled subsequent to their sale. This provision is estimated based on historic data.

4 Exceptional costs

The exceptional costs for the year were as follows:

	2017 £	2016 £
Restructuring Costs	1,026,461	-
Strategic Review	448,655	-
	1,475,116	-

4 Exceptional costs (continued)

Restructuring Costs

The restructuring of a loss making subsidiary which resulted in the relocation of the business to head office and a reduction in operating costs, whilst still providing a continued auto enrolment service to its customers. In addition an impairment review was carried out on the investment value held for this subsidiary and a review of the balance sheet.

Strategic Review

The strategic review of the Group, initiated by the major shareholders, resulted in the decision by the major shareholders to retain their investment in the Group for the foreseeable future.

5 Operating profit

Arrived at after charging

	2017 £	2016 £
Depreciation expense	928,738	888,682
Amortisation expense	262,174	267,397
Operating lease expense - property	332,900	340,310
Operating lease expense - other	164,007	245,402

6 Finance income and costs

	2017 £	2016 £
Finance income		
Interest income on bank deposits	100,971	205,902
Other interest received	30,429	25,487
Total finance income	131,400	231,389
Finance costs		
Interest on bank overdrafts and borrowings	(53)	-
Interest payable and similar items	(981)	(10)
Total finance costs	(1,034)	(10)
Net finance income	130,366	231,379

7 Staff costs - Group

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration	266	239
Directors	16	16
	282	255

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	9,015,676	8,847,613
Social security costs	947,520	917,300
Pension costs, defined contribution scheme	493,535	531,281
	10,456,731	10,296,194

Company

All staff utilised by the company in the delivery of its services are employed by Tenet Group Limited. Tenet Business Solutions Limited is responsible for the payment of the remuneration of all Tenet Group Limited employees, including the directors of the company and its subsidiaries, and it receives recompense from the company and its subsidiaries in respect of this service through management recharges which are allocated on a time incurred basis. The amounts recharged to other Group companies in respect of directors are included in the financial statements of each Group company. Staff costs recharged in the year to Tenet Group Limited are £nil (2016:£845,557). A change in recharging of expenses in the year meant none of the directors' or staff costs were charged to Tenet Group Limited company.

Total remuneration of the directors in respect of the company during the year are shown in the table below. These costs were recharged to subsidiary companies within the Group. Additional emoluments paid to the directors of the company during the year were £nil (2016: £nil).

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	1,362,120	1,256,284
Contributions paid to money purchase schemes	109,747	156,847
	1,471,867	1,413,131

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2017 (continued)

8 Directors' remuneration (continued)

During the year the number of directors who were members of pension schemes was as follows:

	2017 No.	2016 No.
Accruing benefits under money purchase pension scheme	2	3

In respect of the highest paid director:

	2017 £	2016 £
Remuneration	388,090	329,994

9 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	4,863	4,863

	2017 £	2016 £
Audit of the company's subsidiaries pursuant to legislation	130,500	125,638
Other assurance and corporation taxation services	18,370	39,070
	148,870	164,708

Audit fees are paid by a Group company and recharged around the group.

10 Income tax

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	-
	-	-

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.5% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
(Loss)/profit before tax	(376,303)	584,265
Corporation tax at standard rate	(86.945)	116,072
Decrease in current tax from adjustment for prior periods	-	(159,194)
Increase from effect of capital allowances depreciation	-	133,783
Increase from effect of revenues exempt from taxation	(911.132)	(176.255)
Increase from effect of expenses not deductible in determining taxable (loss)/profit	1,025,312	157,788
(Increase)/decrease from tax losses for which no deferred tax asset was recognised	(27,235)	25,100
Decrease from transfer pricing adjustments	-	(20,073)
Deferred tax credit relating to changes in tax rates or laws	-	(77,221)
Total tax charge/(credit)	-	-

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation has not been substantively enacted at the balance sheet date, these rates do not apply to the deferred tax position at 30 September 2017.

The Finance Act 2013 was substantively enacted on 2 July 2013 and provided for a reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and by a further 1% to 20% from 1 April 2015. Accordingly both of these rate reductions have been reflected in the financial statements.

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2017 (continued)

10 Income tax (continued)

Deferred tax

Group

The Group has a recognised deferred tax asset at 19% of £368,088 (2016: £367,370). There is £674,199 of unprovided deferred taxation at 30 September 2017 (2016: £786,679).

11 Property, plant and equipment

Group

	Leasehold improvements £	Fixtures & fittings £	Assets under construction £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2015	952,389	605,179	694,913	8,527,685	10,780,166
Additions	27,783	89,884	656,783	487,242	1,261,692
Transfer of completed assets	-	-	(264,608)	264,608	-
At 30 September 2016	980,172	695,063	1,087,088	9,279,535	12,041,858
At 1 October 2016	980,172	695,063	1,087,088	9,279,535	12,041,858
Additions	35,048	14,710	510,981	352,533	913,272
Disposals	(21,062)	(257,399)	-	(2,358,097)	(2,636,558)
Transfer of completed assets	-	-	(639,080)	639,080	-
At 30 September 2017	994,158	452,374	958,989	7,913,051	10,318,572
Depreciation					
At 1 October 2015	465,342	483,909	-	6,620,067	7,569,318
Charge for year	79,614	102,386	-	706,682	888,682
At 30 September 2016	544,956	586,295	-	7,326,749	8,458,000
At 1 October 2016	544,956	586,294	-	7,326,750	8,458,000
Charge for the year	68,124	49,661	-	810,953	928,738
Eliminated on disposal	(20,469)	(255,909)	-	(2,358,097)	(2,634,475)
At 30 September 2017	592,611	380,046	-	5,779,606	6,752,263
Carrying amount					
At 30 September 2017	401,547	72,328	958,989	2,133,445	3,566,309
At 30 September 2016	435,216	108,768	1,087,088	1,952,786	3,583,858
At 1 October 2015	487,047	121,270	694,913	1,907,618	3,210,848

12 Intangible assets

Group

	Goodwill £	Acquisition Costs £	Other intangible assets £	Total £
Cost or valuation				
At 1 October 2015	18,618,522	688,166	1,260,323	20,567,011
Additions	-	-	316,389	316,389
At 30 September 2016	18,618,522	688,166	1,576,712	20,883,400
At 1 October 2016	18,618,522	688,166	1,576,712	20,883,400
Additions	-	-	408,398	408,398
Impairment	(396,296)	-	-	(396,296)
At 30 September 2017	18,222,226	688,166	1,985,110	20,895,502
Amortisation				
At 1 October 2015	7,683,683	335,159	375,695	8,394,537
Amortisation charge	-	106,584	160,813	267,397
At 30 September 2016	7,683,683	441,743	536,508	8,661,934
At 1 October 2016	7,683,683	441,743	536,508	8,661,934
Amortisation charge	-	76,657	185,516	262,173
At 30 September 2017	7,683,683	518,400	722,024	8,924,107
Carrying amount				
At 30 September 2017	10,538,543	169,766	1,263,086	11,971,395
At 30 September 2016	10,934,839	246,423	1,040,204	12,221,466
At 1 October 2015	10,934,839	353,007	884,628	12,172,474

12 Intangible assets (continued)

During the year the Group acquired the goodwill and customer contracts of Alison Pearson Wealth Management and BNA Financial Services - these are shown as additions within other intangible assets. The Group paid £408,398 for the assets. The Group wrote off the goodwill of £396,296 relating to Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited) purchase in 2012 - this is shown as an impairment in goodwill in the year.

In 2016 the Group acquired the goodwill and customer contracts of Furness Financial Advisers Limited. The Group paid £316,389 for the assets.

In 2013 the Group acquired the trade and certain assets and liabilities of Merchant House Financial Services Limited. The intangible asset element of the acquisition is comprised of customer rights and records and amortisation is calculated to write off the asset over its estimated useful economic life.

In 2012 the business provided funding to a group of appointed representatives in order to facilitate the recruitment of these firms into the networks. The amortisation of this expenditure is calculated to write off the asset over its estimated useful economic life.

In 2006, the Group acquired the trade and certain assets and liabilities of Berkeley Independent Advisers Limited and Berry Birch & Noble Financial Planning Limited. The intangible assets element of the acquisition is comprised of the customer rights and records, and amortisation is provided at rates calculated to write off the cost of each asset over its estimated useful economic life.

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 30 September 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2017	2016
Aspire Financial Management Limited	Provision of financial advice	England and Wales	100%	100%
Paragon Insurance Company Guernsey Limited	Insurance company	Guernsey (C.I.)	100%	100%
Sinfonia Asset Management Limited	Administration services	England and Wales	100%	100%
Living In Retirement Limited	Dormant	England and Wales	100%	100%
TenetConnect Limited	FCA regulated network of IFAs	England and Wales	100%	100%
TenetConnect Services Limited	FCA regulated network of IFAs	England and Wales	100%	100%

13 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2017	2016
TenetLime Limited	FCA regulated network of mortgage and general insurance brokers	England and Wales	100%	100%
TenetFinancial Solutions Limited	Provision of financial advice	England and Wales	100%	100%
TenetSelect Limited	Professional and administration services	England and Wales	100%	100%
Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited)	Provision of financial advice	England and Wales	100%	79.8%
Tenet Platform Services Limited	Provision of financial platform	England and Wales	100%	100%
Tenet Business Solutions Limited	Marketing, employment and IT support to other Group companies	England and Wales	100%	100%
Tenet Client Services Limited	Holding company	England and Wales	100%	100%
Tenet Limited	Holding company	England and Wales	100%	100%

For the year ending 30 September 2017 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Living In Retirement Limited
Tenet Platform Services Limited
Tenet Client Services Limited and
Tenet Limited.

During the financial year, Tenet Group Limited provided a guarantee under section 479C of the Companies Act with respect the financial year ending 30 September 2017 to the above mentioned subsidiaries.

13 Investments (continued)

Fixed Asset Investments

	2017 £	2016 £
Investments in associates brought forward	52,980	52,980
Investments in associates provision	(52,980)	(52,980)
Investment additions	234,000	-
	234,000	-

The Group's fixed asset investments brought forward comprise a 20% shareholding in Ayrshire Financial Services Limited, a company incorporated in England and Wales. The principal activity of Ayrshire Financial Services Limited is the provision of financial advice.

During the year a Group company (Tenet Business Solutions Limited) acquired 145,000 shares in The Sycamore IV Mezzanine Finance Fund LLP and 5.94% of the shares in Tungate Capital Plc. This investment is shown at its acquisition cost of £234,000.

13 Investments (continued)

Summary of the company investments

	2017 £	2016 £
Investments in subsidiaries	39,213,353	39,213,353

14 Trade and other receivables

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade receivables	10,033,394	9,947,150	-	-
Provision for impairment of trade receivables	(1,482,246)	(1,720,928)	-	-
Net trade receivables	8,551,148	8,226,222	-	-
Receivables from related parties	-	-	1,893,914	2,048,887
Prepayments	1,846,981	2,058,603	-	-
Other receivables	771,275	1,080,743	-	150,000
Deferred tax asset	368,088	367,370	-	-
Total current trade and other receivables	11,537,492	11,732,938	1,893,914	2,198,887

Included in trade receivables is £3,498,616 (2016:£2,704,104) that relates to amounts recoverable in relation to claims payable and in other receivables £780,857 (2016:£771,389) that relates to the provision of secured loans as part of the Group's ongoing support for its Appointed Representatives.

Included within the Group's trade receivable balance are debtors with a carrying amount of £72,410 (2016: £51,090) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable. The carrying value of these receivables past-due by less than three months is £1,374 (2016: £36,377), whilst £71,036 (2016: £14,713) of the receivables are past-due by more than three months.

Within the company's trade receivables balance there are no amounts which are past due at the reporting date (2016: £nil).

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

Movement in the allowance for doubtful debts	2017 £	2016 £
Opening Balance	1,720,928	2,032,775
Amounts owed by debtors resulting in movement in the provision	412,607	176,699
Amounts written off during the year	(46,988)	(122,485)
Amounts recovered during the year	(604,301)	(366,061)
Closing Balance	1,482,246	1,720,928

15 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash at bank	24,194,833	22,725,391	1,230	57,430

Included within cash at bank and in hand is £13,645,895 (2016:£9,035,639) of short and medium-term fixed deposit investments.

16 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables	12,834,875	9,456,743	-	(1)
Accrued expenses	805,307	977,968	-	-
Amounts due to related parties	-	-	2,769,863	3,169,880
Social security and other taxes	59,567	169,965	-	-
Other payables	1,106,249	2,215,272	-	-
	14,805,998	12,819,948	2,769,863	3,169,879

The directors consider that the carrying amount of the trade and other payables approximates their fair value. Trade payables includes £1,641,740 (2016:£1,251,049) of future run-off premium prefunding prepayments - these are held in a separate bank account with trust status.

17 Provisions for liabilities

Group

	Commission clawback provision £	Claims payable provision £	Total £
At 1 October 2016	664,207	6,723,766	7,387,973
Movement of existing provisions	277,761	(804,826)	(527,065)
Provisions released	(2,574,166)	(97,966)	(2,672,132)
Provisions added	1,781,736	841,365	2,623,101
At 30 September 2017	149,538	6,662,339	6,811,877
Non-current liabilities	149,538	6,662,339	6,811,877

Claims payable provision

The claims payable provision is in respect of amounts that may be payable to the customers of certain Group companies following a review of the sales process of the individual cases involved. These amounts, if payable, will be paid by Paragon Insurance Company Guernsey Limited from existing cash resources or will be recovered from third party Professional Indemnity Insurers (as applicable) less a policy excess and the policy excess is usually recovered from the Appointed Representative and/or financial adviser responsible for the individual case. Where the Appointed Representative is another Group company, TenetFinancial Solutions Limited, Aspire Financial Management Limited or Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited), the provision is related to the policy excess which would be payable to the network. In the case of Aspire Financial Management Limited the cost is recharged to the relevant financial adviser.

In the normal course of business and in common with the rest of the industry, the Group receives queries and complaints regarding the sale of financial products and/or advice. One such complaint regarding the sale of a product not approved by the Group, through a firm the Group had not authorised to give advice has been received. No provision for this complaint has been made in these financial statements as the director's do not consider that there is any probable loss. In addition, were any action to be successful and compensation payable, the Directors are satisfied that any losses that are not recoverable from the Appointed Representative responsible for providing the original advice, would be met by the insurance that the Group has in place.

17 Provisions for liabilities (continued)

Commission clawback provision

The provision for commission clawback in certain Group companies relates to commission receipts subsequently repaid should policies be cancelled after their sale. Except in relation to TenetFinancial Solutions Limited and Tenet Financial Services Limited (formerly The Employee Benefits Corporation Limited), who themselves are Appointed Representatives, Group companies recharge some or all of such amounts as applicable to the Appointed Representatives or financial advisers, as applicable, responsible for the individual case. The directors expect this provision to be utilised over the next 4 years. Following RDR there has been a change in the business types that the Group provides clawbacks for - this has resulted in an overall decrease in the clawback provision.

18 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	**£**	**No.**	**£**
'A' Ordinary Shares of £0.0001 each	15,215,669	1,522	15,215,669	1,522
'B' Ordinary Shares of £0.0001 each	232,097,345	23,210	232,097,345	23,210
	247,313,014	24,731	247,313,014	24,731

'A' Ordinary shares

The 'A' Ordinary shares are entitled to receive a dividend or a return of capital pari passu according to the number of shares held as if they constituted one class of shares with the 'B' Ordinary shares. The 'A' Ordinary shareholders are entitled to receive notice of and attend and speak at any general meeting of the company and have one vote per share held.

'B' Ordinary Shares

The 'B' Ordinary shares are entitled to receive a dividend or a return of capital pari passu according to the number of shares held as if they constituted one class of share with the 'A' Ordinary shares. The 'B' Ordinary shareholders are entitled to receive notice of and attend and speak at any general meeting of the company and have one vote per share held.

An Investor Majority (comprising at least 60% by nominal value of the 'B' Ordinary shareholders) has additional rights regarding the transfer of shares and other shareholder matters as provided for in the company's Articles of Association.

18 Share capital (continued)

Enterprise Management Incentive staff scheme and Unapproved Share Option Scheme
On 25 November 2002, the directors adopted the 'Tenet Limited Enterprise Management Incentive Plan' and 'Unapproved Share Option Scheme'. Under the plan, employees of Tenet Group Limited and its subsidiaries are eligible for options to purchase shares in the company to be granted to them. The directors determine the timing and price of the options and any conditions employees are required to fulfil to qualify.

The first exercise date is, in accordance with Rule 4 of the scheme rules, the earliest of: a listing date; an asset sale; during the month of November in any year following the expiry of 3 years from the date of the grant; or otherwise at the discretion of the Remuneration Committee. At the year end there are no staff with share options under the Enterprise Management Incentive, 6 staff with share options expiring in January 2018 and 11 staff with share options expiring in January 2019 under the Unapproved Share Option scheme.

19 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods is as follows:

	2017 £	2016 £
Not later than one year	321,879	319,104
Later than one year, not later than 5 years	890,354	916,179
Later than five years	305,634	745,024
	1,517,867	1,980,307

Company

The company has no operating lease commitments.

20 Financial Instruments

Capital Risk Management

The Group manages its capital to ensure that entities in the Group are well capitalised whilst maximising its return on capital.

The board reviews both the Group and each Group company's capital position on a monthly basis taking into account each company's regulatory and operational requirements. Based on this review, the Group balances its overall capital structure through the payment of dividends and the investment in, or loans made to, subsidiary group companies.

The Financial Conduct Authority ("FCA") directly regulates some Group companies and receives information in respect of the financial resources of these Group companies on a quarterly basis. The FCA also supervises the Group as a whole and receives information upon the Group's overall capital position. The management of the capital of the regulated companies is closely monitored to ensure compliance with the requirements of the capital and expenditure based tests of the FCA.

The Group's capital strategy remains unchanged from the previous year.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Market Risk

Market risk is the risk that arises from adverse movements in equity, bond, interest rate, foreign exchange or other traded markets. The Group's exposure to market risk arises solely in relation to interest rate fluctuations on the returns from its capital which is not hedged and a small number of loans made to Appointed Representatives. Group treasury policy is to maximise credit interest whilst maintaining sufficient liquidity within each group company in order to meet operational and regulatory requirements.

The company's exposure to market risk arises solely in relation to interest rate fluctuations on the returns from its capital which is not hedged and interest bearing loans made to subsidiary companies.

20 Financial Instruments (continued)

Credit Risk

Credit risk is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The Group's credit risk is primarily attributable to its cash balances and trade receivables and other debtors from its Appointed Representatives/financial advisers. The Group's credit control function continually reviews outstanding client balances for recoverability and reports on these to management. These balances are then impaired where management's opinion is that the balance is not fully recoverable. Credit risk is mitigated by the fact that amounts owed by Appointed Representatives can be offset against amounts owed to the Appointed Representatives and company policy is to deal only with creditworthy counterparties. Trade receivables and other debtors from Appointed Representatives consist of a large number of customers and are spread across a diverse geographical area within the U.K. The company does not have any significant credit risk exposure to any single counterparty.

The credit risk on receivables due from product providers is limited due to the FCA requirements on these companies to maintain a sufficient level of capital to meet their current liabilities. These receivables are due from a large number of product providers and are payable to the company within one month of the obligation arising.

Credit risk on cash balances is managed through the lodgement of such balances through a number of financial institutions.

The balances due from trade customers are comprised of trade receivables and other debtors (see Notes 2 and 14). The Group holds £nil of collateral over trade receivables (2016: £150,000).

The maximum Group exposure to credit risk at the reporting date was £30,397,523 (2016: £29,280,856). These balances are comprised of all financial assets.

The company's credit risk is almost entirely attributable to its cash balances and loan and receivables from other Group companies and the provision of secured loans as part of the Group's ongoing support for its Appointed Representatives.

The maximum exposure of the company to credit risk at the reporting date was £1,892,787 (2016: £2,258,952). These balances are comprised of all financial assets.

Liquidity Risk

Liquidity risk is the risk of not being able to meet liabilities as they fall due. Each Group company is capitalised at a level required to meet its business and regulatory needs or alternatively, where required, has borrowing facilities available from its parent company. Responsibility for liquidity risk management rests with the Group's board which receives information on the company's short term requirements on a weekly basis and medium to long term requirements on a monthly basis. Cash flow monitoring and forecasting form part of the reports regularly delivered to the Group's board. Liquidity risk on financial liabilities is mitigated by the fact that a significant proportion of the financial liabilities only become payable upon receipt of trade receivables. All financial liabilities are payable within three months of the obligation arising.

20 Financial Instruments (continued)

The Group's financial instruments are categorised in the table below:

Financial Assets	2017 £	2016 £
Cash	24,194,833	22,725,391
Loans and receivables from trade customers	5,042,950	6,602,856
	29,237,783	29,328,247

Financial Liabilities	2017 £	2016 £
Amounts owed to trade customers	13,941,859	11,672,757

The company's financial instruments are categorised in the table below:

Financial Assets	2017 £	2016 £
Cash	1,230	57,430
Loans and receivables from group companies	1,893,914	2,048,887
Loans and receivables from trade customers	-	150,000
	1,895,144	2,256,317

Financial Liabilities	2017 £	2016 £
Loans and amounts owed to group companies	2,769,863	3,169,880

The interest rate sensitivity analysis below are based on reasonably possible changes in interest rate scenarios. At the reporting dated a 0.5% increase or decrease in interest rates compared to actual rates would increase/(decrease) the annual net interest receivable by the following amounts:

Group	2017 £	2016 £
0.5% increase	120,974	113,627
0.5% decrease	(120,974)	(113,627)

Company	2017 £	2016 £
0.5% increase	6	287
0.5% decrease	(6)	(287)

21 Related party transactions

Summary of transactions with parent entities

Details of transactions with key management personnel are included in Note 7. There were no other related party transactions during the financial year.

There were no related party transactions during the year other than movements in balances between the company and its wholly owned subsidiaries ("Group Companies") as follows:

Income and receivables from related parties

	Subsidiary
2017	**£**
Receipts from Group Companies	546,082

	Subsidiary
2016	**£**
Receipts from Group Companies	3,332,020

Expenditure with and payables to related parties

	Subsidiary
2017	**£**
Payments to Group Companies	791,126

	Subsidiary
2016	**£**
Payments to Group Companies	2,347,215

22 Events after the balance sheet date

After the year end The Employee Benefits Corporation Limited was renamed Tenet Financial Services Limited.