Registration number: 03909395

Tenet Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2020

Tenet Group Limited

Contents

Tenet Group Limited

Company Information

Directors
H M Ball
K J Craig
P Hilling
A B Meeks
J Ewing
C Dibbs
M W Scanlon
J Darlington

Company secretary
R J Fletcher

Registered office
5 Lister Hill
Horsforth
Leeds
LS18 5AZ

Solicitors
Addleshaw Goddard LLP
Milton Gate
60 Chiswell Street
London
EC14 4AG

Bankers
Lloyds Bank PLC
1 Lovell Park Road
Leeds
LS1 1NS

Auditors
Deloitte LLP
1 City Square
Leeds
LS1 2AL

Tenet Group Limited

Strategic Report for the Year Ended 30 September 2020

The directors present their strategic report on the group for the year ended 30 September 2020.

Overview of the business
The Group has had a challenging year due to the Covid-19 pandemic which impacted the second half of the financial year. This has resulted in a reduction in Revenue, an Operating Loss and a Loss Before Tax (LBT) in the year. Our core business of provision of financial advice and associated compliance services has not changed. However, the Group has had a number of operational changes in the year.

Principal activities of the Group and Company
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 on regulatory requirements;
- Fee processing facilities and business administration;
- Firm acquisition service for advice firms wanting to retire; and
- Provision of professional indemnity insurance.

Review of performance in the year
At the start of the year, the Group were focusing on embedding intelligent Office (iO), our network member facing software which was implemented in the late September 2019. When the pandemic hit, in March 2020, this embedded software meant that the Group were able to continue to service network members and clients remotely with minimal disruption. The majority of staff were able to safely work from home, with few activities requiring attendance on site.

The revised forecasts of the anticipated impact of Covid-19 on top line income proved to be accurate with reductions in wealth and mortgage adviser income of between 25-30% during the last six months of the financial year. During this time the Group took the decision not to furlough anybody and staff were redeployed as necessary into other areas of the business. A management action plan was implemented to generate other cost savings to offset the reduction in income through a combination of recruitment savings, no contractor costs and lower discretionary spend. Tenet was able to provide member firms with the ability to delay payment of PI and FCA fees to help cash flow during a challenging time.

Overall this resulted in a loss before tax and exceptional items of £2,243,000 (2019: profit before tax and exceptional items £2,278,000). In the year, additional gross profit of £395,000 relating to trail income for which there was no further servicing requirement was recognised in line with IFRS 15. At the end of the financial year, the Group reviewed the cost base of the business against member driven volumes and expected future gross profit. Organisational restructuring costs were incurred of £689,000 to reduce the future cost base in line with forecast profit. The reduction in expected future discounted cash flows has also resulted in an impairment of an investment of £186,000, and impairment of historic goodwill and intangible assets of £161,000. The downturn in the markets has also reduced the Sinfonia funds, which were sold in the prior year, resulting in an impairment of contingent consideration of £563,000. In real cash terms (Note 20), the net cash lost from operations has only been £362,000, which includes the organisational restructuring costs. When these have been removed, the Group generated net cash from operations of £327,000.

The Group has continued to invest in technology which is part of our key strategic objectives of innovate and change to make our business fit for the future, with an investment of £1,498,000 in the current year. This has resulted in an impairment of now superseded technology of £238,000 (2019: £1,319,000).

Review of performance in the year (continued)

Exceptional items in the year

	2020 £'000	2019 £'000
Redundancy costs	(689)	-
Impairment of contingent consideration due	(563)	-
Impairment of goodwill and intangible assets	(161)	-
Impairment of investment	(186)	-
Profit on the sale of subsidiary	-	2,541
Impairment of fixed assets	(238)	(1,314)
Total exceptional items	**(1,837)**	**1,227**

During the year, the Group has continued with its strategy to grow the own brand financial advice business, now Tenet & You Limited (this previously was in Aspire Financial Management Limited and other subsidiary entities) by acquiring seven additional Practice Buy Outs in the year. We have added to our North West and Midlands hubs and expanded to include a new South-East hub. This has continued to be a point of difference for our offering, whereby we can support our advisers into retirement and the clients are able to continue their relationship with the Group.

It has been a challenging second half of the year for financial advisers as they have had to adapt to meeting clients online rather than face to face in person, and the uncertainty generated by the pandemic has meant it has been harder to write new business. Despite this, our commitment to our own brand with our own employed advisers has delivered a growth in income from £1,340,000 to £4,032,000 in the year.

The Group continued to streamline its offerings by divesting of its own brand Platform business to Hubwise. This means the Group can continue to focus on its rebranded "Tenet Network Services" business, of TenetConnect Limited, TenetConnect Services Limited and TenetLime Limited, to provide the best for its members and focus on its complementary rebranded "Tenet Compliance Services" offering (previously TenetSelect Limited) and complementary professional indemnity (PI) insurance provider, Paragon.

Tenet Network Services provides a range of services to investment adviser firms and mortgage and protection adviser firms. This saw a reduction in revenue year on year of £13,754,000 to £158,690,000 and a current year operating loss of £1,563,000 compared to a prior year operating profit of £661,000. The closure of the housing market during the pandemic, meant the largest reduction in revenue was seen in the mortgage advice firms.

Tenet Compliance Services provides compliance and business development support for directly authorised adviser firms. This saw an operating loss of £70,000 from an operating profit of £37,000 in the prior year.

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. The current year has seen a loss before tax of £915,000 (2019: £450,000) in the year. The performance is largely due to additional provisions against potential insurance liabilities. This is based on historic data and knowledge of recent industry claim experience against current claim information.

	2020 Loss before tax £'000	2019 Profit before tax £'000
Aspire & subsidiaries (now rebranded to Tenet & you)	(1,014)	1,760
Tenet Network Services	(1,471)	811
Tenet Compliance Services	(70)	37
Paragon	(915)	450
Other group companies and consolidation adjustments	(610)	447
Consolidated (loss)/ profit before tax	(4,080)	3,505

Review of performance in the year (continued)
Despite the adverse financial performance in the year Tenet has remained financially resilient and stable, with strong liquidity and capital. Cash ended the year at £27,534,000 (2019: £30,400,000) with no debt held. While cash has decreased in the year, this is largely due to acquisitions and investments we have made, with cash from operations only reducing by £352,000 in the year. Regulatory capital cover at the year end was 262%. Cash and capital are managed prudently to ensure sufficient headroom for any financial shocks, such as those experienced during this highly exceptional financial year.

The Group manages regulatory change in order to enable our members to comply and to bring about the required outcomes for clients. During the year, we met the 9 December 2019 deadline for implementation of the initial elements of the Senior Manager and Certification Regime (SM&CR), including the production of Statements of Responsibilities, fitness and propriety assessments of Senior Management Function-holders and Conduct Rules training. We continue to work to ensure we meet the 31 March 2021 deadline for implementation of the remaining elements.

We also introduced the changes to policy and processes that were required by the ban on contingent charging for defined benefit pension transfer advice, which came into effect on 1 October 2020. There have been no further significant regulatory developments, as the FCA has delayed these to enable firms to deal with the pandemic.

Tenet's people have been resilient, determined and highly engaged during the year, despite all the challenges presented. Our colleagues continue to score Tenet highly with an engagement score of 81%, a higher score than many financial services industry peers. Our people are core to our strategy and Tenet has strived to support our people so that they can support our members and customers.

Key achievements of the Group in the year include;

• Retained 1 star accreditation in the Sunday Times 2020 Best 100 Companies.
• Winner at 2020 Best Professional Adviser Awards.
• Shortlisted at 2020 L&G Business Quality Awards.

As at 1 October 2019, the Company hived up the trade and assets from Tenet Business Solutions Ltd to Tenet Group Ltd and the Company now provides HR, finance, compliance, risk, legal, premises and administrative support to the Group, which it recovers through a management recharge.

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, which have not already been disclosed in this or the subsequent events section.

Key performance indicators
Directors evaluate the performance of the business using a number of measures. Key metrics for the Group were as follows:

	2020 £'000	Remove exceptionals £'000	Adj 2020 £'000	2019 £'000	Remove exceptionals £'000	Adj 2019 £'000
Gross profit	19,681	-	19,681	22,983	-	22,983
Operating loss/ profit	(4,219)	1,837	(2,382)	3,321	(1,227)	2,094
Loss/ profit before tax	(4,080)	1,837	(2,243)	3,505	(1,227)	2,278
Cash	27,534	-	27,534	30,400	-	30,400
Net assets	30,751	-	30,751	35,161	-	35,161
	Number			**Number**		
Headcount	266			270		

Financial Position
The balance sheet shows that the Group's financial position year on year in cash terms has decreased by £2.9m to £27.5m (2019: £30.4m) and the net assets have decreased by £4.4m to £30.8m (2019: £35.2m). The Group has lost net cash from operating activities of £0.4m (2019: £6.4m). Of the Group companies, four (2019: four) are regulated by the FCA and commentary on the financial resources of these firms is included in this report.

Objectives
The Group's mission is to help people achieve their financial goals and achieve financial peace of mind and in doing so to keep our clients and advisers safe. 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 the Group's objectives are the following values:

- 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 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 2021 and beyond as part of the Group's long term plan. The strategic themes are:

- Improve Tenet Network Services performance;
- Grow Tenet & You via organic growth and via acquisition of member firms, providing them with exit strategies;
- Re-establish Tenet Compliance Services and expand its offerings;
- Data driven decisions through enhanced management information;
- Enhanced compliance framework to provide oversight, insight and support; and
- Pursue a high performance culture with a highly engaged work force.

Promoting Long Term Success – Section 172(1) Statement

The directors fully understand their responsibilities under Section 172(1) of the Companies Act 2006 to promote the success of the Group, having regard to:

- The likely consequences of any decision in the long-term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group in maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Group.

The board has identified our key stakeholders which are set out below, along with details of the forms of engagement undertaken by the board.

Promoting Long Term Success – Section 172(1) Statement (continued)

Key Stakeholders	Engagement	Impact
Members		
Engaging with our members allows us to maintain high levels of service, understand the challenges members face, retain members and attract new ones.	Member focus groups are held several times a year with sub groups concentrating on technology and compliance. These are used to improve communication, provide an opportunity for feedback, suggestions and ideas for improvements. Members also have regular direct contact with our business support team, audit team, technical services team, compliance helpdesk, payment helpdesk and technology help desk..	Ranked Top 10 from the FT Adviser Top 100 Financial Advisers 2019. Winner Best Network, Professional Adviser Awards 2019. New advisers to the network of 202 in the financial year.
Employees		
Having engaged, highly motivated employees ensures the best possible service for our members and customers, whilst meeting our regulatory requirements and enables achievement of our strategic objectives.	We perform monthly surveys for all of our staff on an anonymous basis, to enable us to understand what we need to improve to keep employees engaged and motivated, which we benchmark across the financial services industry. We hold a monthly colleague engagement forum which allows employees to raise ideas and concerns and allow for feedback. This is a similar format to our member focus groups. We hold weekly manager meetings and monthly all colleague meetings to communicate well with our people.	Awarded Best Company 1 Star accreditation 2020. Awarded 75 Best Companies to work for in Yorkshire & the Humber 2020. Engagement score 4% higher than the FS industry average score.
Customers		
The end customers are a key stakeholder in our business and we aim to provide good customer outcomes to support them through their changing financial product requirements throughout their life journey. Our purpose is to give them financial peace of mind.	We support these customers through our own brand advice arm, Tenet & You and Tenet Financial Services (previously part of Aspire) and our network member firms. We perform regular audits of our members, file and compliance checks to ensure that customers are being delivered the high quality, compliant advice which we expect from our Financial Advisers.	Better customer outcomes means better financial health, more referrals and lower complaint numbers.

Promoting Long Term Success – Section 172(1) Statement (continued)

Key Stakeholders	Engagement	Impact
Investors		
Aviva, Standard Life and Aegon are our institutional investors who support our Group strategic objectives, influence our risk appetite and provide valuable insight into the market and impact of our strategy. Tenet also are mindful of its minority investors, who are primarily ex members or ex employees.	Our institutional investors each have a seat on our board which meets on a monthly basis to be involved in the strategic decision making of the Group and share their insights and knowledge. We aim to hold an annual general meeting once a year where we meet minority investors and take on board any comments and feedback and answer any questions.	Investor's opinions are taken into account in developing the Group's strategy using their experience and expertise, creating value in the business whilst being mindful of risk appetite and of our regulatory responsibilities.
Regulator		
In our regulated environment, co-operation, communication and transparency with the regulator enables us to continue operating.	We respond promptly and fully to all enquiries made by the regulator and engage in regular dialogue.	No regulatory investigations or breaches have occurred in the financial year.
Community		
Engaging with our community improves social wellbeing for our staff, builds trust and reputation in our business.	A charity partner is chosen by the employees on an annual basis, and fundraising events are organised by individuals and teams.	We have raised 20% over our fundraising target this financial year.

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 conduct risk, as monitored by the FCA. Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 2, 18 and 22) 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.

Principal risks and uncertainties (continued)

For 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 the regulated entities. 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 conduct risk, as monitored 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 the majority 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, supplying products and services but also in handling all queries, and by maintaining strong relationships with their clients, Appointed Representatives and financial advisers.

The impact that Brexit will have on our network through impacting customer investments and investment decisions is still unknown. However, no part of the Group is in the EU and the majority of our trade is within the UK, which is expected to mitigate the immediate effects of this risk. Brexit and its impact will continue to be monitored by the Group.

The impacts of Covid-19 policy has created high levels of economic uncertainty, which has impacted customer investments and meant a reluctance to make new investment decisions. The arrival of several vaccines is encouraging but the efficacy of these and the effectiveness and speed of the government roll out to those most vulnerable is critical to the recovery of the UK economy. The Group have reduced the cost base to reflect the more difficult market conditions for income and already hold large buffers for regulatory capital and cash. This is monitored by the Group board on a monthly basis.

The Group has pursued a strategy for growth, achieved partially through acquisition. Acquisitions carry inherent risks for the Group. 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 Group be agreed with the vendors of any acquired business. The Group has sufficient funds to finance acquisitions by cash and the Group holds no more than 30% of its cash balance with any one counterparty.

Financial resources of the regulated network businesses at 30 September 2020
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 2020, the accounts of each of the Group's four UK regulated entities (TenetConnect Services Limited, TenetConnect Limited, TenetLime Limited and Forth Financial Services Limited) confirmed that each of them satisfied their relevant regulatory financial resources requirements.

At 30 September 2020, Paragon Insurance Company Guernsey Limited, regulated by the Guernsey Financial Services Commission, satisfied its relevant regulatory financial resource requirements.

The management accounts of the Group also confirm that each of the regulated entities satisfied their relevant regulatory financial resources requirements at all times during the last twelve months. The Directors are confident that these regulated entities will continue to meet their financial resource requirements for the forthcoming financial year, and require these entities to hold additional capital over and above the regulatory capital required.

Financial risk management
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 take on only credit worthy 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 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 15). 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 whereby a maximum of 30% is held with any one financial institution.

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 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. Market risk also arises from (market fluctuations or commission) income derived as a percentage of assets under management (AUM). This is mitigated by the corresponding commission payable being linked and therefore will fall inline. Group treasury policy is to maximise credit interest whilst maintaining sufficient liquidity within each group Company in order to meet operational and regulatory requirements.

Financial risk management (continued)
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. 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. Board requires the regulated entities to hold additional capital resources above the regulatory requirement to mitigate this risk.

Approved by the Board on 16 February 2021 and signed on its behalf by:

K J Craig
Director

Tenet Group Limited

Directors' Report for the Year Ended 30 September 2020

The Directors present their report and the consolidated financial statements, together with the auditor's report for the year ended 30 September 2020.

Directors' of the group
The Directors, who held office during the year and up to the date of signing these accounts, were as follows:

H M Ball
C J Bradley (resigned 31 August 2020)
K J Craig
J Darlington (appointed 25 October 2020)
P Hilling
A B Meeks
J Ewing
C Dibbs
S Murray (resigned 19 November 2020)
M W Scanlon
D Tiller (appointed 30 January 2020 – resigned 11 December 2020)

Results and Proposed dividends
The results for the year are presented within 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 (2019: £nil).

Future Developments and post Balance Sheet Events
On 18th December 2020, the Group acquired the trade and assets of two businesses, one an investment advice business and the other a mortgage advice business. The Group have re-branded and restructured its core business lines.

Future events are referred to in the Strategic Report and the subsequent events note.

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, Group Claims Committee and Authorisations Committee to be responsible for specific matters. Each of these committees operate within defined terms of reference.

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 and Risk Director and its membership is comprised of senior Executives and senior managers.

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.

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 and Risk 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 and Risk 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.

Group Claims Committee

The Group Claims Committee is a Paragon committee. The purpose of the Group Claims Committee is to review any large claims over £50,000 which may materially affect the captive insurer, and to identify any trends in claims arising.

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.

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 monthly and quarterly business updates, informal meetings, weekly email bulletins and manager and staff conferences. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests, and a weekly survey tool is used to measure employee engagement and receive anonymous feedback which management act upon wherever possible. In addition, employees receive an annual bonus related to the overall profitability of the group.

Going concern

Covid-19 policy and Brexit are continuing to create difficult economic conditions and uncertainty in respect of the level of demand for financial services products, and the Group has made losses before tax in the financial year ended 30 September 2020. The Group have taken action to reduce the cost base in order to return to profitability in future periods. The Group has maintained 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 able to operate within its own financial resources without the requirement for funding. This has been further detailed in the strategic report on p14 and p2. As a consequence, the Directors believe that the Group continues 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 22 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 £16.2.m (2019: £14.8m) unrestricted cash at bank, net assets of £30.8m (2019: £35.2m), 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 next 12 months from the date of the Directors' Report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and consolidated Financial Statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, the re-appointment of Deloitte LLP as auditors of the Company is to be proposed by resolution.

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.

Approved by the Board on 16 February 2021 and signed on its behalf by:

K J Craig
Director

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 of Tenet Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 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 which comprise:

- the consolidated income statement;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and 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 Financial Reporting Council's (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.

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.

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

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

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.

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.

Peter Birch FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
16 February 2021

Tenet Group Limited

Consolidated Income Statement for the Year Ended 30 September 2020

	Note	2020 £000	2019 £000
Revenue	3	160,711	178,147
Cost of sales		(141,030)	(155,164)
Gross profit		19,681	22,983
Administrative expenses		(20,240)	(19,009)
Loss/ profit before interest, tax, depreciation and amortisation and exceptionals		(559)	3,974
Exceptional income	4, 13	-	2,541
Exceptional costs	4	(1,837)	(1,314)
Depreciation, amortisation and impairment charges		(1,823)	(1,880)
Group operating loss/ profit	5	(4,219)	3,321
Finance income		159	214
Finance costs		(20)	(30)
Net finance income	6	139	184
Loss/ profit before tax		(4,080)	3,505
Income tax expense	10	(330)	78
Loss/ profit for the year		(4,410)	3,583

There was no recognised income and expenditure in the current or preceding years other than the profit for the year as shown above and consequently no statement of other 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 2020

	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant and equipment	11	4,356	3,380
Intangible assets	12	17,115	15,522
Investments	13	47	234
		21,518	**19,136**
Current assets			
Trade and other receivables	15	17,174	15,961
Cash and cash equivalents	16	27,534	30,400
		44,708	**46,361**
Total assets		**66,226**	**65,497**
Current liabilities			
Trade and other payables	17	(24,862)	(22,238)
Non-current liabilities			
Trade and other payables falling due after more than one year	17	(1,095)	(604)
Provisions for liabilities	18	(9,518)	(7,494)
Total liabilities		**(35,475)**	**(30,336)**
Net Assets		**30,751**	**35,161**
Equity			
Share capital	19	25	25
Share premium		37,914	37,914
Retained earnings		(7,188)	(2,778)
Total equity		**30,751**	**35,161**

Approved by the Board on 16 February 2021 and signed on its behalf by:

K J Craig
Director

The notes on pages 24 to 51 form an integral part of these financial statements.

Tenet Group Limited

(Registration number: 03909395)
Company Statement of Financial Position as at 30 September 2020

	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant and equipment	11	4,356	-
Investments in subsidiaries, joint ventures and associates	13	35,069	36,643
		39,425	**36,643**
Current assets			
Trade and other receivables	15	7,393	2,408
Cash and cash equivalents	16	43	2,151
		7,436	**4,559**
Total assets		**46,861**	**41,202**
Current liabilities			
Trade and other payables	17	(11,902)	(4,348)
Total liabilities		**(11,902)**	**(4,348)**
Net Assets		**36,959**	**36,854**
Equity			
Called-up share capital	19	25	25
Share premium		37,914	37,914
Retained earnings		(2,980)	(1,085)
Total equity		**34,959**	**36,854**

The consolidated income statement includes a loss of £1,895,000 (2019: loss of £2,000) which has been presented within 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 16 February 2021 and signed on its behalf by:

K J Craig

Director

The notes on pages 24 to 51 form an integral part of these financial statements.

Tenet Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 October 2019	25	37,914	(2,778)	35,161
Loss for the year	-	-	(4,410)	(4,410)
Total comprehensive income	-	-	(4,410)	(4,410)
At 30 September 2020	**25**	**37,914**	**(7,188)**	**30,751**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 October 2018	25	37,914	(6,361)	31,578
Profit for the year	-	-	3,583	3,583
Total comprehensive income	-	-	3,583	3,583
At 30 September 2019	**25**	**37,914**	**(2,778)**	**35,161**

The notes on pages 24 to 51 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Changes in Equity for the Year Ended 30 September 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 October 2019	25	37,914	(1,085)	36,854
Loss for the year	-	-	(1,895)	(1,895)
Total comprehensive income	-	-	(1,895)	(1,895)
At 30 September 2020	**25**	**37,914**	**(2,980)**	**34,959**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 October 2018	25	37,914	(1,083)	36,856
Loss for the year	-	-	(2)	(2)
Total comprehensive income	-	-	(2)	(2)
At 30 September 2019	**25**	**37,914**	**(1,085)**	**36,854**

The notes on pages 24 to 51 form an integral part of these financial statements.

Tenet Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 September 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Cash generated from operations	20	(352)	6,473
Income tax paid		(268)	(98)
Net cash in flows from operating activities		(620)	6,375
Cash flows from investing activities			
Interest received	6	159	214
Acquisitions of property plant and equipment		(1,543)	(2,230)
Acquisition of intangible assets	12	(1,146)	(1,581)
Acquisition of subsidiary, net of cash acquired	14	(9)	(388)
Proceeds from sale of subsidiary, net of cash sold	13	-	1,962
Cash advances and loans made to other parties		(109)	(236)
Repayments of cash advances and loans		403	201
Net cash out flows from investing activities		(2,245)	(2,058)
Cash flows from financing activities			
Interest paid	6	(1)	(1)
Net cash in(out) flows from investing activities		(1)	(1)
Net increase in cash and cash equivalents		(2,866)	4,316
Cash and cash equivalents at 1 October		30,400	26,084
Cash and cash equivalents at 30 September		27,534	30,400

The notes on pages 24 to 51 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Cash Flows for the Year Ended 30 September 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Cash generated from operations	20	(13,741)	-
Income tax paid		-	-
Net cash out flows from operating activities		(13,741)	-
Cash flows from investing activities			
Interest received	6	1	-
Acquisitions of property, plant & equipment		(4,356)	
Acquisition of intangible assets/ investments		(84)	
Loans granted to subsidiary undertakings		(2,493)	(1,720)
Loan repayments from subsidiary undertakings		10,824	3,629
Net cash in flows from investing activities		3,892	1,909
Cash flows from financing activities			
Interest paid	6	-	-
Proceeds from loan from subsidiary undertaking		11,037	1,001
Repayments of loan to subsidiary undertaking		(3,296)	(763)
Net cash in(out) flows from investing activities		7,741	238
Net increase in cash and cash equivalents		(2,108)	2,147
Cash and cash equivalents at 1 October		2,151	4
Cash and cash equivalents at 30 September		43	2,151

The notes on pages 24 to 51 form an integral part of these financial statements.

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

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 consolidated Financial Statements.

The financial statements have been prepared on the historical cost basis. The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The principal accounting policies adopted are set out below.

2 Accounting policies

New accounting standards

The following new accounting standards, which have been issued and adopted by the EU, have been adopted as of 1 Oct 2019 by the Group:

IFRS 16 Leases
IFRIC 23 Uncertainty over Income Tax Treatments
Amendments to IFRS 9, IAS 28, IAS 19 and the annual improvement cycle 2015-2017

The group has determined that only IFRS 16 has a material impact, which is disclosed in more detail below.

IFRS 16 Leases

The Group have adopted IFRS 16 Leases, which replaces IAS 17. In the prior period leases were accounted for under IAS 17 and classified as operating leases, and payments associated with the operating leases were recognised on a straight line basis over the term of the lease and not included within the group's consolidated statement of financial position.

The key difference is that IFRS 16 removes the distinction between operating and finance leases and requires a right to use lease item to be recognised as an asset and the present value of the future lease payments to be recognised as a financial liability, with exceptions for short term or low value leases.

2 Accounting policies (continued)

New accounting standards (continued)

IFRS 16 Leases (continued)

The following practical expedients available in the standard have been used;

- Other contracts already in existence before the standard was effective have not been re-assessed to determine if they may contain leases under IFRS 16.
- Initial direct costs from the measurement of leased assets at transition have been excluded.
- Hindsight in determining the lease term whereby a contract contains options to extend or terminate a lease has been used.
- A single discount rate has been applied to a portfolio of leases whereby they have reasonably similar characteristics.
- The modified retrospective approach has been utilised, whereby prior period comparatives have not been re-stated.
- The asset has been measured at an amount equal to the liability on transition.

The impact of this adoption is included in the table below;

Transition	**£'000**
IAS 17 total undiscounted operating leases commitments disclosed as at 30 September 2019	1,136
Plus rolling lease contracts previously excluded	4
Less discounting	(66)
Less servicing elements of lease contracts	(15)
Less VAT	(67)
IFRS 16 total initial recognition of lease liability as at 1 October 2019	**992**

In calculating the lease liability and corresponding right of use assets, none of the leases qualified for the short term or low value exemptions available in the standard. The following assumptions were used in the calculations;

- An incremental borrowing rate of 3% has been used. This is based on benchmarked cost of capital for businesses with high cash reserves and collateral available.
- For properties where the lease contains a servicing element which is not separable, an assessment as to how much the servicing element is of the total lease contract and this has been removed.
- For leases with a rolling lease term, an assumption as to when we plan to exit the property has been made.

New standards, amendments and improvements to IFRS, applicable to the next accounting period.

The following new accounting standards have been issued and adopted by the EU, which are applicable to the next accounting period;

IFRS 17 Insurance Contracts

The Group expects IFRS 17 will not have a material impact.

2 Accounting policies

Basis of Consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2020. 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 control.

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.

Business Combinations
The cost of an acquisition is the cash paid together with the fair value of other assets given, equity instruments issued and liabilities incurred or assumed.

Any deferred contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income. Any amounts payable by the Group directly contingent on the continuing employment of the vendors are treated as remuneration and recognised as an expense in the profit and loss account. Deferred and contingent consideration amounts payable after more than 12 months are discounted to present value.

The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of net assets assumed is recorded as goodwill.

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, of between 7-14 years on a straight-line basis.

Investments
Investments are included at cost less amounts written off for permanent impairment. These are assessed for impairment on an annual basis. Profit on sale of subsidiaries are calculated based on the fair value of any deferred or contingent consideration and cash received on completion, less the value of the investment held.

Property, plant and equipment
Property, plant and equipment are stated at cost net of depreciation with the exception of work in progress 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.

2 Accounting policies (continued)

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 - 5 years
Leasehold improvements	5 - 10 years
Fixtures & fittings	5 years

Leases
The Group have adopted IFRS16 in the year, which replaces IAS 17. In the prior period leases were classified as operating leases, and associated payments recognised on a straight line basis over the term of the lease. IFRS 16 removes the distinction between operating and finance leases and requires a right of use lease item to be recognised as an asset and the present value of the future lease payments to be recognised as a financial liability, with exceptions for short term or low value leases. We have disclosed in the new accounting standards note, the impact that this adoption has had on the Group financial statements.

Trade and other receivables
Trade and other receivables are classified as financial assets measured at amortised cost. Under the IFRS 9 ECL model, a credit event (or impairment trigger) no longer needs to occur before credit losses are recognised. The Group analysed the risk profile of trade receivables based on past experience and an analysis of the receivables current financial position, potential for a default event to occur, adjusted for specific factors, general economic conditions of the industry in which the receivables operate and assessment of both the current and forecast direction of conditions at the reporting date. A default event is considered to occur when information is obtained that indicates a receivable is unlikely to settle their liability with the Group.

Credit risk is regularly reviewed by management to ensure the expected credit loss model (ECL) is being appropriately applied.

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 other financial liabilities initially measured at fair value and subsequently measured at amortised cost.

2 Accounting policies (continued)

Financial assets and liabilities

Classification and measurement of financial assets and liabilities

Classification of financial assets and liabilities are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it is held with the objective of collecting the contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. There are currently no other financial assets which are measured at fair value through other comprehensive income or profit or loss.

Pensions

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 based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the income statement. Unless the effect of discounting is material, deferred tax is measured on a non-discounted basis.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies
The following are critical judgements 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 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 fee income is recognised once the performance obligation has been met, which is the provision of financial advice.

Renewal commissions are accounted for when received for those which have a servicing element. Fee income is recognised based on when the performance obligation is met and when there is likely to be no significant revenue reversal.

For renewals and trail income, which have no servicing requirements, in accordance with IFRS 15, the performance obligations have already been met and therefore all of the revenue (and related costs) should be recognised up front. However, in the prior year, we were unable to reliably estimate the amounts of this revenue stream to which the Group was entitled. The intelligence Office system has been implemented in the year, allowing more reliable identification of renewal and trail income. From this information, the total amount of this income stream has been estimated and discounted back to present value at the risk adjusted rate (risk free rate with customer credit risk and market risk). The following judgements/ assumptions have been made when estimating this income stream;

- The income stream has a tail of 13 years
- A risk adjusted discount rate of 3% has been used

The income has been recognised in the current financial year, with the corresponding balance sheet entry being a contract asset within debtors. The associated costs and a contract liability has also been recognised in cost of sales and creditors which relates to the amounts of commission due to the Group's agents.

Sensitivities have been performed on the tail length at 10 and 15 years which would give a difference of £60,000 less to £35,000 more in profit before tax in the current financial year. If a discount rate of 5% was used, this would result in £21,000 less profit before tax in the current financial year.

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, when the corresponding revenue is recognised.

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

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

Critical judgements in applying the Group's accounting policies (continued)

Business Combinations

As part of these acquisitions a judgement exists over whether any separately identifiable intangible assets exist within the acquired entity. When determining this judgement the Group interprets the recognition criteria for intangible assets through business combinations as stated in IAS 38 and IFRS 3. As such, a critical judgement exists over whether the assets identified through acquisitions, represent intangible assets against the recognition criteria. Identification and valuation of intangible assets on acquisition is based on industry valuation ranges adjusting for our knowledge of the quality of the client banks acquired and the expected returns. A critical judgement therefore exists over of the valuation of the acquired asset from the business combination. The excess of the cost of acquisition over the fair value of net assets assumed is recorded as goodwill.

Contingent consideration

When calculating a purchase value of a target company or client banks, the structure of total consideration is an aggregate of initial and contingent consideration. A critical judgement exists on the treatment of the contingent consideration, on whether it represents post-completion remuneration to existing shareholders, or true consideration.

The judgement applied is based off the interpretation of the guidance provided in IFRS 3 and the Group believes the total consideration represents true consideration for the acquisition, with no element attributable to post-completion shareholder remuneration.

Key sources of estimation uncertainty

Commission clawback

All commission amounts previously paid by Group companies in respect of such cancelled policies are recharged 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. As such there is an uncertainty over the number of clawbacks received, and the amount recoverable from Appointed Representatives which require estimation by the Group. 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.

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, of the number of clawbacks, the emergence period of the clawback and the amount of clawback within a 48 month period of the indemnity policy being written.

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. Claims are reviewed on a regular basis through the Group Claims Committee.

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

Key sources of estimation uncertainty (continued)

Claims payable (continued)
All complaints are investigated in accordance with regulatory rules. Where redress is payable, loss calculations are undertaken using market wide technology utilised by the Financial Ombudsman Service or through external actuarial services. Based upon the experience of the relevant Company, an estimate of total redress which may be payable is calculated based upon the assessment of the claim, legal advice and regulator correspondence. Given the nature and uniqueness of these claims, as well as influence from external parties, a level of uncertainty is evident in the amount of any payable redress. On top of this estimate, a proof in total model is prepared, based on historic information, factoring in the type and amounts of business written, claims received, settled and total settlement amounts. This is then sensitised if the claim rate and settlement rates were to change. The overall economic environment and state of the markets are used to determine if a higher claim or settlement rate should be factored in. This year, due to the economic uncertainty created by the Covid-19 pandemic and due to Brexit, and subsequent downturn in the markets, a higher settlement and claim rate was utilised and an overlay has been made to the total claims held. This analysis however, doesn't capture fraudulent activities by advisers who have not declared business written. In order to factor this in, based on historic experience of these rare events, an additional overlay has been included in the year.

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. For 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 Group; 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. A source of estimation uncertainty exists in respect to the level of future claims expected to be received regarding the ex-member. The premium charged to members reflects what the directors consider to be an appropriate amount to cover future liabilities.

Accrued revenue
Due to the nature of the business of several Group entities including, TenetConnect Limited, TenetConnect Services Limited, TenetLime Limited, Tenet & You Limited, Tenet Financial Services 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. The estimated accrued revenue is based upon historic data regarding the value of policies submitted to the product providers, in line with the requirements of IFRS 15 and IFRS 9. See p31 for further information in revenue recognition.

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

Key sources of estimation uncertainty (continued)

Goodwill and investments

To determine whether goodwill is impaired the Group and Company 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 in order to calculate the net present value. The carrying amount of goodwill at the balance sheet date was £11,992,000 (2019: £11,100,000). During the year the Group performed discounted cash flow calculations based on long term assumptions and the five year plan to confirm that there were no impairments. If the discount rate was increased by 1%, the headroom would decrease by £2,960,000, which still gives headroom of 108% compared to the original 126% headroom.

To determine whether investments are impaired, the Company make an estimate of the value in use of the cash generating units, to which the investments relate, using the discounted expected future cashflows. The downturn in cashflows from the Covid-19 pandemic has resulted in an impairment being made of £1,621,000 to investments held. The carrying amount of Company investments at the balance sheet date was £35,069,000.

Business Combinations

Acquisitions are paid for using cash and contingent consideration. The fair value of the contingent consideration is estimated based on the business case for the acquisition or if known, performance to date and discounted using the risk free rate. The estimation is based on management's judgements and assumptions, such as expected performance of client banks acquired, based on the age of the clients and amounts of funds under management.

4 Exceptional income and costs

The exceptional income and costs for the year were as follows:

	2020 £000	2019 £000
(Loss)/ profit on sale of subsidiary	(563)	2,541
Impairment of computer software	(238)	(1,314)
Impairment of goodwill and intangible assets	(186)	-
Impairment of investments	(161)	-
Restructuring costs	(689)	-
	(1,837)	1,227

5 Operating loss/ profit

Calculated after the deduction of:

	2020 £000	2019 £000
Depreciation expense	1,367	1,014
Amortisation expense	463	435
Operating lease expense – property	-	237
Operating lease expense – other	-	98

6 Finance income and costs

	2020 £000	2019 £000
Finance income		
Interest income on bank deposits	112	193
Other interest received	47	21
Total finance income	159	214
Finance costs		
Interest payable and similar items	(1)	(1)
Unwind of discount	(19)	(29)
Total finance costs	(20)	(30)
Net finance income	139	184

7 Staff costs - Group

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

	2020 No.	2019 No.
Administration	258	261
Directors	9	9
	266	270

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

	2020 £000	2019 £000
Wages and salaries	11,008	11,415
Social security costs	1,189	1,123
Pension costs, defined contribution scheme	591	564
	12,788	13,102

Company

All staff utilised by the Company in the delivery of its services are employed by Tenet Group Limited. Tenet Group Limited receives recompense from the 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 (2019:£nil).

Total remuneration of the Directors in respect of the Company during the year are shown in the table below. Additional emoluments paid to the Directors of the Company during the year were £nil (2019: £nil).

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020 £000	2019 £000
Remuneration	1,250	1,623
Contributions paid to money purchase schemes	53	83
	1,303	1,706

Company

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

	2020 No.	2019 No.
Administration	258	-
Directors	9	9
	266	9

In the prior year, all employees were remunerated by other group Companies. During the year the number of Directors who were members of pension schemes was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	3	7

In respect of the highest paid Director:

	2020 £000	2019 £000
Remuneration	315	282

9 Auditors' remuneration

	2020 £000	2019 £000
Audit of these financial statements	13	5

	2020 £000	2019 £000
Audit of the Company's subsidiaries pursuant to legislation	180	146
Other assurance and corporation taxation services	25	19
	205	165

10 Income tax

Tax charged/ (credited) in the income statement

	2020 £000	2019 £000
Current taxation		
UK corporation tax	223	116
Deferred tax	107	(194)
Total tax charge/ (credit)	330	(78)

The tax on profit before tax for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £000	2019 £000
(Loss)/ profit before tax	(4,080)	3,505
Corporation tax at standard rate	(775)	666
Tax effects of;		
- Exempt sale of wholly owned subsidiary	-	(483)
- Depreciation and disposal of assets subject to capital allowances	259	582
- Capital allowances	(322)	(441)
- Group companies exempt from taxation	174	(86)
- Group relief	(8)	240
- Amortisation not subject to income tax	87	(25)
- Impairment not subject to income tax	173	-
- Disallowable expenses	12	-
Prior year adjustments	445	(252)
Deferred taxation movement	285	(279)
Total tax charge/ (credit)	330	(78)

There have been no changes to the current tax rates. Deferred taxes at the balance sheet date, have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

The Group has a recognised deferred tax liability at 19% of £519,000 (2019: asset of £656,000) in relation to capital allowances, intangibles and carried forward losses. There is £155,000 un-provided deferred taxation at 30 September 2020 at the recognised deferred tax rate of 19% (2019: £125,000), in relation to brought forward losses.

The Company acquired a deferred tax asset on acquisition of the trade and assets of another Group company. The current deferred tax asset balance at 19% is £272,000 (2019: £nil) in relation to capital allowances and carried forward losses.

11 Property, plant and equipment

	Leasehold improvements £000	Fixtures & fittings £000	Assets under construction £000	Computer equipment & software £000	Right of use Assets £'000	Total £000
Cost or valuation						
At 1 October 2018	748	277	1,287	7,911	-	10,223
Additions	12	10	2,173	372	-	2,567
Disposals/ impairment	-	(3)	(172)	(4,697)	-	(4,872)
Transfer of completed assets	-	-	(3,137)	3,137	-	-
At 30 September 2019	**760**	**284**	**151**	**6,723**	**-**	**7,918**
At 1 October 2019	760	284	151	6,723	-	7,918
Initial recognition on adoption of IFRS 16					992	992
Additions	9	36	896	602	88	1,631
Disposals/ impairment	(21)	(202)	(31)	(4,270)	(50)	(4,574)
Transfer of completed assets	-	-	(735)	735	-	-
At 30 September 2020	**748**	**118**	**281**	**3,790**	**1,030**	**5,967**
Depreciation						
At 1 October 2018	354	246	-	5,568	-	6,168
Charge for year	59	40	-	915	-	1,014
Eliminated on disposal/ impairment	-	(47)	-	(2,597)	-	(2,644)
At 30 September 2019	**413**	**239**	**-**	**3,886**	**-**	**4,538**
At 1 October 2019	413	239	-	3,886	-	4,538
Charge for the year	78	31	-	979	279	1,367
Eliminated on disposal/ impairment	(9)	(202)	-	(4,033)	(50)	(4,294)
At 30 September 2020	**482**	**68**	**-**	**832**	**229**	**1,611**
Carrying amount						
At 30 September 2020	**266**	**50**	**281**	**2,958**	**801**	**4,356**
At 30 September 2019	**394**	**31**	**1,287**	**2,343**	**-**	**4,055**

12 Intangible assets

Group

	Goodwill £000	Acquisition Costs £000	Other Intangible assets £000	Total £000
Cost or valuation				
At 1 October 2018	18,712	688	2,782	22,182
Adjustments to acquisitions within 12 month period	(155)	-	849	694
Additions	227	-	2,008	2,235
At 30 September 2019	**18,784**	**688**	**5,639**	**25,111**
At 1 October 2019	18,784	688	5,639	25,111
Adjustments to acquisitions within 12 month period	848	-	-	848
Additions	205	-	1,164	1,369
Impairment	(161)	-	-	(161)
At 30 September 2020	**19,676**	**688**	**6,803**	**27,167**
Amortisation				
At 1 October 2018	7,684	595	875	9,154
Amortisation charge	-	69	366	435
At 30 September 2019	**7,684**	**664**	**1,241**	**9,589**
At 1 October 2019	7,684	664	1,241	9,589
Amortisation charge	-	7	456	463
At 30 September 2020	**7,684**	**671**	**1,697**	**10,052**
Carrying amount				
At 30 September 2020	**11,992**	**17**	**5,106**	**17,115**
At 30 September 2019	**11,100**	**24**	**4,398**	**15,522**

12 Intangible assets (continued)

During the year the Group acquired Maguire Financial Limited and six further client banks. The Group paid £1,161,000 (2019: £2,234,000) consideration for the assets which includes £564,000 (2019: £1,091,000) contingent consideration which is subject to how the acquisitions perform over a three year period.

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 30 September 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2020	2019
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%
Living In Retirement Limited	Provision of financial advice	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%
TenetLime Limited	FCA regulated network of mortgage and general insurance brokers	England and Wales	100%	100%
Tenet & You Limited (previously TenetFinancial Solutions Limited)	Provision of financial advice	England and Wales	100%	100%
Tenet Compliance Services Limited (previously TenetSelect Limited)	Professional and administration services	England and Wales	100%	100%
Tenet Financial Services Limited	Provision of financial advice	England and Wales	100%	100%
Tenet Platform Services Limited	Provision of financial platform	England and Wales	0%	100%
Tenet Business Solutions Limited	Holding Company	England and Wales	100%	100%
Tenet Client Services Limited	Holding Company	England and Wales	100%	100%

13 Investments (continued)

Name of subsidiary	**Principal activity**	**Country of incorporation**	**Proportion of ownership interest and voting rights held 2020**	**2019**
Tenet Limited	Holding Company	England and Wales	100%	100%
Elementum Limited	Provision of financial advice	England and Wales	100%	100%
Derbyshire Booth Financial Management Limited	Provision of financial advice	England and Wales	100%	100%
Forth Financial Services Limited	Provision of financial advice	Scotland	100%	100%
Ask Financial Management Limited	Provision of financial advice	England and Wales	100%	100%
Tenet Mortgage Solutions Limited (previously Maguire Financial Limited)	Provision of financial advice	England & Wales	100%	0%

All the holdings are ordinary shares.

For the year ending 30 September 2020 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, company number 3702615;
Tenet Platform Services Limited, company number 4351250;
Tenet Client Services Limited, company number 3307674;
Tenet Limited, company number 3865996;
Elementum Limited, company number 3924988;
Derbyshire Booth Financial Management Limited, company number 4772990;
Forth Financial Services Limited, company number SC376178;
Ask Financial Management Limited, company number 04552579; and
Tenet Mortgage Solutions Limited, company number 09111571

During the financial year, Tenet Group Limited provided a guarantee under section 479C of the Companies Act with respect the financial year or period ending 30 September 2020 to the above mentioned subsidiaries.

13 Investments (continued)

Sale of Subsidiary

On 14 May 2020, the Group sold Tenet Platform Services Limited. The profit on sale is calculated in the following table. On 30 September 2019, the Group sold Sinfonia Asset Management Limited, the profit on sale is included in the table.

	2020 £000	2019 £000
Cash consideration received	25	1,962
Contingent consideration	-	630
Total fair value of consideration	25	2,592
Less net assets held	(25)	(51)
Profit on sale of subsidiary	-	2,541

Fixed Asset Investments

	2020 £000	2019 £000
Investments in associates brought forward	234	234
Impairment	(187)	-
As at 30 September	47	234

The Group's fixed asset investments brought forward comprise a 5.94% of the shares in Sycamore V Property Development Fund LP. Following a review of the net assets of the underlying investment, the investment has been impaired.

Summary of the Company investments

	2020 £000	2019 £000
Investment in subsidiaries at 1 October	36,643	39,213
Additions	47	-
Impairment	(1,621)	-
Disposals	-	(2,570)
As at 30 September	35,069	36,643

On 30 September 2020, the Company purchased a fixed asset investment from another Group Company at book value. On 30 September 2019, the Company sold Tenet Business Solutions Limited to another Group company at book value.

14 Acquisition of subsidiaries

The Group acquired 100% of the issued share capital of Maguire Financial Limited on 18 December 2019. In the prior year, the Group acquired 100% of the issued share capital of Derbyshire Booth Financial Management Limited, Forth Financial Services Limited and Ask Financial Management on 24 April 2019, 4 September 2019 and 11 September 2019 respectively.

The amounts recognised on acquisition, in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	2020 £000	2019 £000	2019 Adj £000	2019 (re-stated) £000
Cash and cash equivalents	7	299	-	299
Tangible net (liabilities)/ assets	(31)	(67)	(683)	(750)
Identifiable intangible assets	170	1,775	-	1,775
Total identifiable net assets	146	2,007	(683)	1,324
Goodwill	30	227	848	1,075
Total assets acquired	176	2,234	165	2,399
Satisfied by:				
Cash	101	1,143	-	1,143
Contingent consideration arrangement	75	1,091	165	1,256
Total consideration transferred	176	2,234	165	2,399

During the current financial year, the Group completed fair value reviews of the prior year acquisitions, the review identified changes to the identified net assets acquired, therefore, the prior year has been re-stated, as shown in the table above, in accordance with IFRS 3, Business Combinations.

	2020 £000	2019 £000
Net cash outflow arising on acquisition:		
Cash consideration	101	1,143
Less: cash and cash equivalent balances acquired	(7)	(299)
	94	844

There has been goodwill of £30,000 identified in the current year (2019: £1,075,000). The goodwill arising from the acquisition of subsidiaries consists of the premium paid above the identified tangible and intangible assets acquired. None of the goodwill is expected to be deductible for income tax purposes.

15 Trade and other receivables

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade receivables	16,410	12,816	483	-
Less expected credit losses	(1,115)	(941)	(8)	-
Net trade receivables	15,295	11,875	475	-
Receivables from related parties	-	-	4,729	2,408
Prepayments	1,334	1,608	1,195	-
Other receivables	545	1,822	427	-
Deferred tax asset	-	656	567	-
Total current trade and other receivables	17,174	15,961	7,393	2,408

Included within the Group's trade receivable balance are debtors with a carrying amount of £1,189,000 (2019: £675,000) which are past due at the reporting date. The carrying value of these receivables past-due by less than three months is £59,000 (2019: £153,000), whilst £1,130,000 (2019: £522,000) 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 (2019: £nil).

Movement in expected credit losses	2020 £000	2019 £000
Opening Balance	941	1,075
Additional allowance provided for during the year	354	181
Amounts written off during the year	(11)	(26)
Amounts recovered during the year	(169)	(289)
Closing Balance	1,115	941

16 Cash and cash equivalents

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash at bank	27,534	30,400	43	2,151

Included within cash at bank and in hand is £7,497,000 (2019:£6,702,000) of short and medium-term fixed deposit investments and £2,913,000 (2019: £2,015,000) restricted cash.

17 Trade and other payables

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade payables	21,858	17,928	1,352	-
Accrued expenses	1,114	2,739	1,544	-
Amounts due to related parties	-	-	7,872	4,348
Social security and other taxes	63	541	-	-
Deferred tax liability	518	-	-	-
Other payables	1,309	1,634	1,134	-
	24,862	22,842	11,902	4,348

Trade payables includes £2,311,000 (2019: £1,934,000) of future run-off premium prefunding prepayments which are held in a separate bank account with trust status. Amounts due from the Company to related parties are repayable on demand.

Trade and other payables due after more than one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Other payables	1,095	604	-	-
	1,095	604	-	-

The Directors consider that the carrying amount of the trade and other payables approximates their fair value.

18 Provisions for liabilities

Group – non current liabilities

	Commission clawback provision £000	Claims payable provision £000	Total £000
At 1 October 2019	660	6,834	7,494
Provision utilised	60	(2,932)	(2,872)
Provisions released	(210)	(870)	(1,080)
Provisions added	282	5,694	5,976
At 30 September 2020	792	8,726	9,518

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, Tenet & You Limited (formally TenetFinancial Solutions Limited), Aspire Financial Management Limited or Tenet Financial Services Limited, Elementum Limited, Tenet Mortgage Solutions Limited (formally Maguire Financial Limited), Derbyshire Booth Financial Management Limited, Ask Financial Management Limited, the provision is related to the policy excess which would be payable to the network. In the case of Aspire Financial Management Limited and Tenet Financial Services 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.

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 other Group companies, 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.

19 Share capital

Allotted, called up and fully paid shares

	2020 No.	2020 £	2019 No.	2019 £
'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	24,732	247,313,014	24,732

'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.

20 Cash generated from operations

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Loss/ profit before tax	(4,080)	3,505	(1,599)	-
Adjustments for;				
Depreciation	1,367	1,014	1,352	-
Amortisation	456	435	-	-
Impairment/ profit or loss on disposal of PPE and intangible assets	586	1,916	1,865	-
Cash impact of right of use asset	(284)	-	(284)	
Loss/ (profit) on disposal of subsidiary	563	(2,541)	-	-
Recharged income	-	-	(16,280)	
Finance income – net	(158)	(184)	(1)	-
Changes in working capital:				
Trade and other receivables - (increase)/ decrease	(2,680)	(6,541)	(166)	-
Trade and other payables – increase/ (decrease)	2,597	9,196	1,372	-
Provisions – (decrease)/ increase	1,281	(327)	-	-
	(352)	6,473	(13,741)	-

21 Financial Instruments

Capital Risk Management
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 Company's and receives information in respect of the financial resources of these Group Company's 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.

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.

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.

22 Financial Instruments (continued)

Credit Risk (continued)

The balances due from trade customers are comprised of trade receivables and other debtors (see Note 2 and 15). The Group holds £nil of collateral over trade receivables (2019: £nil).

The maximum Group exposure to credit risk at the reporting date was £43,044,000 (2019: £44,097,000). 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 £4,899,000 (2019: £4,559,000). 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 other Group companies. 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.

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

Financial Assets	**2020 £000**	**2019 £000**
Cash	27,534	30,400
Loans and receivables from trade customers	15,510	13,697
	43,044	44,097

Financial Liabilities	**2020 £000**	**2019 £000**
Amounts owed to trade customers	21,858	17,928

22 Financial Instruments (continued)

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

Financial Assets	**2020 £000**	**2019 £000**
Cash	43	2,151
Loans and receivables from trade customers	475	-
Loans and receivables from group companies	4,729	2,408
	5,247	4,559

Financial Liabilities	**2020 £000**	**2019 £000**
Loans and amounts owed to trade customers	1,352	-
Loans and amounts owed to group companies	7,872	4,348
	9,224	4,348

The interest rate sensitivity analysis below is 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	**2020 £000**	**2019 £000**
0.5% increase	-	-
0.5% decrease	-	-

Company	**2020 £000**	**2019 £000**
0.5% increase	-	-
0.5% decrease	-	-

23 Related party transactions

Ultimate beneficial owner

The Company is not considered to have an ultimate beneficial owner, but has four major institutional shareholders, whereby any one party is not deemed to have control.

Summary of transactions with parent entities

Details of transactions with key management personnel are included in Note 8. There were no other related party transactions during the financial year.

There were related party transactions during the year (2019: None), as well as movements in balances between the Company and its wholly owned subsidiaries ("Group companies") as follows:

Income and receivables from related parties

2020	Subsidiary £000
Management charges from Group companies	16,280
Cash receipts from Group companies	21,861
	38,141

2019	Subsidiary £000
Receipts from Group companies	4,631

Expenditure with and payables to related parties

2020	Subsidiary £000
Cash payments to Group companies	(5,789)

2019	Subsidiary £000
Payments to Group companies	(2,484)

24 Events after the balance sheet date

The Group re-branded on 2 October 2020, post year end, as has previously been disclosed. As part of this rebranding, our previous PBO subsidiary acquisitions have been hived up into Tenet & You Ltd and Aspire Financial Management Ltd hived across into Tenet & You and Tenet Financial Services Ltd, our self employed own brand offering, post year end. On 18 December 2020, two new asset purchase PBOs have been made, the purchase of Police Mutual's investment advice and mortgage advice businesses, known as Police Mutual Advisory Limited and Mortgage Excellence Plc respectively.