Registration number: 07804624

Aspire Financial Management Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2019

Aspire Financial Management Limited

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Aspire Financial Management Limited

Company Information

Directors
H M Ball
C J Bradley
S M Jones
K Craig
K Bowden
M W Scanlon

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

Aspire Financial Management Limited

Strategic Report for the Year Ended 30 September 2019

The directors present their strategic report for the year ended 30 September 2019.

Review of the business
The Company's principal activity is the provision of financial advice in respect of and the distribution of regulated pension, insurance, investment and mortgage products as an appointed representative of TenetConnect Limited, another Group company. The Company operates as an Appointed Representative (AR) and provides financial advice.

As shown on the income statement the Company has generated a profit on ordinary activities before taxation of £1,760,000 (2018: loss of £173,000). This is largely due to dividend income of £186,000 (2018: £Nil) and exceptional income on sale of subsidiary of £2,297,000. Once this has been adjusted for the Company made a loss before tax of £123,000 (2018: £173,000), which is an improvement on the prior year, albeit revenue has decreased by £2,207,000 due to decreased adviser numbers compared to the prior year. The statement of financial position shows that the Company's net assets have increased by £1,739,000 to £1,763,000 (2018: £24,000). This is largely due to the profit on sale of subsidiary and associated deferred consideration receivable.

In the year, the Company has purchased one share acquisition of another AR of TenetConnect Limited, a client bank and another Group Company. This is in addition to the previous acquisitions which continue the Company's Practice Buy Out acquisition strategy.

The directors are satisfied with the results for the year and expect the general level of activity in the forthcoming year to reflect market conditions.

Note 2 includes details of key assumptions used in the preparation of the Company's financial statements. Note 3 details the critical accounting judgements and key sources of estimation used in preparing the financial statements. There have been no significant events since the balance sheet date. 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.

Principal risks and uncertainties
The business is active in the sale of regulated financial products and advises customers as to their appropriateness. As a consequence, the Company's activities are regulated which gives rise to a number of risks, including censure by the FCA. Such risks may manifest themselves financially through redress payable regarding the sale of financial products and fines imposed by the FCA for regulatory breaches. The Company operates a strict compliance regime, to mitigate such risks and has arranged professional indemnity insurance which conforms to the requirements of the FCA.

The business receives commission for the sale of financial products from life insurers and mortgage lenders. 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, the Company monitors such activity.

Competitive pressure is a continuing risk for the Company, which could result in it losing sales to its key competitors. The Company manages this risk by providing added value services to its Appointed Representatives, having fast response times not only in supplying products and services but in handling all Appointed Representatives queries and by maintaining strong relationships with its Appointed Representatives.

Approved by the Board on 17 February 2020 and signed on its behalf by:

K Craig
Director

Aspire Financial Management Limited

Directors' Report for the Year Ended 30 September 2019

The directors present their annual report and the audited financial statements for the year ended 30 September 2019.

Directors' of the company
The directors, who held office during the year and up to the date of this report were as follows:

H Ball
C Bradley
S Jones
K Craig
C Martin (resigned 18 September 2019)
K Bowden
M W Scanlon (appointed 16 April 2019)

Dividends
The directors do not recommend payment of a dividend (2018: £nil).

Directors' Indemnities
As at the date of this report, it is Group policy to provide the directors of Group companies with indemnities as disclosed in the financial statements of Tenet Group Limited.

Going concern
The Company meets its day to day working capital requirements through its own cash resources and a borrowing facility available from its ultimate parent company. It has relationships with a large number of product providers and suppliers across a diverse geographical area within the U.K, with no significant credit risk exposure to any single counterparty other than TenetConnect Limited, another Group company.

Taking these factors into account, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to trade successfully and fully comply with its regulatory requirements for 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Future developments and post balance sheet events
There has been one acquisition of 100% of the share capital of Maguire Financial Limited and one client bank acquisition, both on 18 December 2019.

Disclosure of information to the auditor
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 which the auditor is unaware.

Reappointment of auditor
In accordance with section 485 of the Companies Act 2006, appropriate arrangements are being made for Deloitte LLP to be deemed re-appointed as auditor of the company in the absence of an Annual General Meeting.

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 UK Accounting Standards 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 company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 17 February 2020 and signed on its behalf by:

K Craig
Director

Aspire Financial Management Limited

Independent Auditor's Report to the member of Aspire Financial Management Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Aspire Financial Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30th September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation 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 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

In preparing the financial statements, the directors are responsible for assessing the 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 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the member of Aspire Financial Management Limited (continued)

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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Date 17 February 2020

Aspire Financial Management Limited

Income Statement for the Year Ended 30 September 2019

	Note	2019 £000	2018 £000
Turnover	2	4,349	6,556
Cost of sales		(2,972)	(5,072)
Gross profit		1,377	1,484
Administrative expenses		(2,071)	(1,643)
Loss before interest, tax, dividends and exceptional items		(694)	(159)
Exceptional income	5	2,297	-
Operating profit/ (loss)	4	1,603	(159)
Dividend income		186	-
Interest payable and similar charges	6	(29)	(14)
Profit/ (Loss) before tax		1,760	(173)
Tax on profit/ (loss) on ordinary activities	8	(21)	33
Profit/ (Loss) for the year		1,739	(140)

All amounts relate to continuing operations.

The notes on pages 11 to 26 form an integral part of these financial statements.

Aspire Financial Management Limited

(Registration number: 07804624)
Statement of Financial Position as at 30 September 2019

	Note	2019 £000	2018 Re-stated* £000
Fixed assets			
Intangible assets	10	1,100	1,197
Property, plant and equipment	9	-	-
Investments	11	3,022	2,449
		4,122	3,646
Current assets			
Trade and other receivables	12	1,095	379
Cash at bank and in hand		12	155
		1,107	534
Trade and other payables	14	(3,331)	(3,749)
Net current liabilities		(2,224)	(3,215)
Non-current liabilities	14	(135)	(407)
Net assets		1,763	24
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		1,763	24
Shareholders' funds		1,763	24

*Intangible assets were re-stated to investments and payables to correct an error, see notes 10, 11, 14 and 19 for further information.

The financial statements of Aspire Financial Management Limited were approved by the Board and authorised for issue on 17 February 2020 and signed on its behalf by:

K Craig
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

Aspire Financial Management Limited

Statement of Changes in Equity for the Year Ended 30 September 2019

	Called up share capital £000	Retained earnings £000	Total £000
At 1 October 2018	-	24	24
Profit for the year	-	1,739	1,739
Total comprehensive expense	-	1,739	1,739
At 30 September 2019	-	1,763	1,763

	Called up share capital £000	Retained earnings £000	Total £000
At 1 October 2017	-	164	164
Loss for the year	-	(140)	(140)
Total comprehensive expense	-	(140)	(140)
At 30 September 2018	-	24	24

The notes on pages 11 to 26 form an integral part of these financial statements.

1 General information

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly and ("FRS 101") as issued by the Financial Reporting Council.

The financial statements have been prepared on the historic 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.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to standards issued but not yet effective, financial instruments, presentation of a cash-flow statement and related party transactions. Where required, equivalent disclosures are given in the Group financial statements of Tenet Group Limited. The Group financial statements of Tenet Group Limited are available to the public.

As stated in the Directors' Report, after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue trading successfully and fully comply with its regulatory requirements for 12 months from the date of the directors report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

2 Accounting policies

Summary of significant accounting policies

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

New accounting standards

The following new accounting standards, which have been issued and adopted by the EU, have been adopted as of 1 Oct 2018 by the Company:

IFRS 9 Financial instruments
IFRS 15 Revenue from Contracts with Customers

2 Accounting policies (continued)

New accounting standards (continued)

a) IFRS 9 Financial Instruments

The Company has adopted IFRS 9 Financial instruments, which replaces IAS 39. There has been no material impact arising from the adoption of IFRS 9, therefore, this has not resulted in any additional amounts recognised in the financial statements for the Company.

IFRS 9 introduces new requirements for the following areas;

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

Classification and measurement of financial assets and financial liabilities

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value based on how the Company manage the financial assets and their contractual cash flow characteristics.

Management have reviewed and assessed the Company's existing financial assets and liabilities based on the facts and circumstances on transition and concluded that the initial application of IFRS 9 has had no impact on classification and measurement.

Impairment of financial assets

The only impact on the consolidated financial statements is in relation to the impairment of trade receivables within financial assets.

IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under the previous accounting standard. The ECL model requires the Company to account for a lifetime ECL and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. On this basis, it is no longer necessary for a default event to have occurred before credit losses are recognised. As a consequence of this change, credit losses are recognised earlier than under IAS 39.

IFRS 9 requires the Company to assess the risk profile of its trade receivables. The Company analysed the risk profile of trade receivables based on past experience and an analysis of the receivables current financial position, 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. The Company has performed the calculation of ECL under IFRS 9 and concluded there have been no change to the amounts disclosed in the accounts.

General hedge accounting

The Company does not apply hedge accounting, therefore, this is not applicable.

2 Accounting policies (continued)

New accounting standards (continued)
b) IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from contracts with customers, which replaces IAS 18. IFRS 15 proposes a 5-step approach, which requires revenue to be matched with the performance of the related contractual obligations. The key concept in IFRS 15, is when control has passed or performance obligation has been completed, which replaces the notion of risks and rewards in IAS 18. This has resulted in changes to our accounting policies and adjustments to the amounts recognised in the financial statements. We have summarised the impact on the material revenue streams in turn below. We have elected to apply the practical expedients available in the transitional requirements of IFRS 15 C2 to C8, to apply this retrospectively only to contracts which are not completed at the date of initial application. As at 1 October 2018, there were no material contracts from the prior year, therefore, this has resulted in an adjustment only to the current year.

i) Fees and commission income from initial sales

On this basis, we have now recognised our pipeline fee & commission income when it is submitted, compared to previously when it went "on-risk", adjusted based on historic experience of flow through rates. This is recognised earlier, when the performance obligation of providing advice is met, rather than previously when the policy commenced.

ii) Fees from on-going servicing

Advisers offer at least annual review meetings with customers in exchange for a recurring fee. Revenue is currently recognised when the cash is received through our payment system (either annually or monthly). The timing of the recognition aligns with the performance obligation based on whether the service is provided at this point in time or as an ongoing service.

The adviser is required to be available to the client on an ad hoc basis, for example if their circumstances change. Therefore, the clients simultaneously receive and consume the benefits from the services provided by the adviser that they are paying for, and therefore revenue is recognised on a continuous basis, in accordance with IFRS 15, p 35 (a). This has resulted in no change to the existing recognition.

iii) Renewals and trail income

For renewals and trail income which do not have future servicing requirements, revenue is currently recognised when the cash is received through the payments system. Given the only performance obligation which is performed, takes place at the inception of the policy, IFRS 15 requires the calculation of the whole of life revenue for that policy to be recognised at inception including all future expected renewal and trail income.

We have performed an exercise to look at the available data in our systems. We have been unable to identify the future cashflows of these revenue streams. The contracts are incepted by the advisers and often held by the product providers. Ongoing fees can be a fixed amount, but are often variable, based on a percentage of the funds under management (FUM), which is not easily identifiable or measurable using the data we currently have available. The period of time for which we are entitled to these cashflows is also not available in our current datasets. From the work we have performed, we have made a judgement that the amount of revenue we are entitled to cannot be reliably estimated as to not result in a significant revenue reversal, in accordance with IFRS 15, p56. We have now implemented a new system, which is designed to capture more data points and therefore, we will re-assess our ability to estimate the future cashflows of these revenue streams in the next accounting period. If it was determined that additional revenue could be reliably measured and recognised then a contract asset would be recognised and reduced when cash was received. The corresponding costs and a contract liability would also be recognised, this relates to the amounts due to members.

2 Accounting policies (continued)

New accounting standards (continued)

Revenue recognition, therefore has not changed for this income stream and it is recognised as it currently is on a cash receipts basis. This is disclosed in the significant judgements and estimates note.

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 16 Leases

IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. As a practical expedient there are optional exemptions for certain short term leases and leases of low value assets.

The Company has assessed the impact of IFRS 16 but cannot accurately quantify the impact at this stage.

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.

We have now changed the point at which initial fee income is recognised in accordance with the new accounting standard - IFRS 15, which stipulates that income should be recognised once a performance obligation has been met. Under the new standard, we consider the point at which the adviser has met his performance obligation to be the provision of the financial advice. Therefore the recognition point is thc point at which financial advice has been provided. Under the old method, the point at which income was recognised was once the policy commenced.

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, we have made a judgement that the amount of this income cannot be reliably estimated so that it will not result in a significant revenue reversal. Therefore, we have not recognised any additional income for this. This has been recognised as it currently is, on a cash receipts basis. This will be re-assessed next year, if it was determined that additional revenue could be reliably measured and recognised then a contract asset would be recognised and reduced when cash was received. The corresponding costs and a contract liability would also be recognised which relates to the amounts of commission due to the Company's agents.

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

2 Accounting policies (continued)

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 company'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 substantively enacted by the balance sheet date.

Deferred tax assets are only recognised when it is probable that the Company will be able to realise these benefits. Deferred tax liabilities are recognised when incurred. These are recognised at the substantially enacted tax rates.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company'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 Company 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.

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.

2 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is stated at cost net of 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 of 5 years.

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

Trade receivables
Trade 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 Company 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 Company.

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.

Pensions
The Company contributes to a defined contribution pension scheme administered by another Group company. The amount charged to the income statement relates to 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.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

The following are critical judgements that the Company has made in the process of applying the Company'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.

We have now changed the point at which initial fee income is recognised in accordance with the new accounting standard - IFRS 15, which stipulates that income should be recognised once a performance obligation has been met. Under the new standard, we consider the point at which the adviser has met his performance obligation to be the provision of the financial advice. Therefore the recognition point is the point at which financial advice has been provided. Under the IAS 18, the point at which income was recognised was once the policy commenced.

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. The magnitude of this judgement has also been unable to be quantified as we have been unable to reliably identify the amount of this revenue stream for the current and prior years. However, we have made a judgement that the amount of this income cannot be reliably estimated so that it will not result in a significant revenue reversal. Therefore, we have not recognised any additional income for this. This has been recognised as it currently is, on a cash receipts basis. This will be re-assessed next year, if it was determined that additional revenue could be reliably measured and recognised then a contract asset would be recognised and reduced when cash was received. The corresponding costs and a contract liability would also be recognised which relates to the amounts of commission due to the Company's agents.

Related amounts of commission due to the Company's agents (Appointed Representatives and/or Financial Advisers) are included in cost of sales and trade creditors, when the corresponding revenue is recognised.

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.

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

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

Contingent consideration payable
When calculating a purchase value of a target company or client banks, the structure of total consideration payable 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 by is based off the interpretation of the guidance provided in IFRS 3 and the Company believes the total consideration represents true consideration for the acquisition, with no element attributable to post-completion shareholder remuneration.

Key sources of estimation uncertainty

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 Operating profit/ (loss)

The operating profit/ (loss) is arrived at after charging:

	2019 £000	2018 £000
Amortisation expense	230	199
Auditor's remuneration	9	10
Operating lease charges	6	5
Staff costs	690	595

Audit fees for the company are borne by Tenet Group Limited on behalf of all the Group companies, an allocation has been made for disclosure purposes.

5 Exceptional income

	2019 £000	2018 £000
Profit on sale of subsidiary	2,297	-

6 Interest payable and similar charges

	2019 £000	2018 £000
Interest payable to other Group companies	-	14
Unwind of discount	(29)	-
	(29)	14

7 Staff costs

All staff utilised by the company in the delivery of its services are employed by Tenet Group Limited. Tenet Business Solutions Limited is responsible for the payment of the remuneration of all Tenet Group Limited employees, including the directors of the Company, and it receives recompense from the Company in respect of this service through management recharges.

The amounts disclosed below relate to amounts which have been incurred by the Company and have been recharged to the Company by Tenet Business Solutions Limited.

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

	2019 £000	2018 £000
Wages and salaries	601	517
Social security costs	59	52
Pension costs, defined contribution scheme	30	26
	690	595

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

	2019 No.	2018 No.
Administration and consultancy	14	13
Directors	7	5
	21	18

The fees or emoluments of all directors were paid by Tenet Business Solutions Ltd.

Four (2018: three) of the Directors are executives of the ultimate parent undertaking, Tenet Group Limited, and their remuneration is disclosed within Tenet Group Limited consolidated accounts. The remaining three (2018: three) directors are also directors of other group companies, during the year these three directors received total remuneration of £307,000 (2018: £168,000) and £35,000 (2018: £13,000) defined contribution pension benefit. No allocation between the services is made.

8 Income tax

Tax charged/ (credited) in the income statement

	2019 £000	2018 £000
Current taxation		
UK corporation tax	21	(33)

The tax on profit before tax for the year is lower than (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit/ (loss) before tax	1,760	(173)
Corporation tax at standard rate	334	(33)
Tax effects of;		
- Depreciation and assets subject to capital allowances written off	15	7
- Group relief	72	(7)
- Exempt sale of wholly owned subsidiary	(436)	-
- Exempt dividend income from wholly owned subsidiary	(35)	-
- Disallowable amortisation	50	-
Prior year adjustments	21	-
Total tax charge/ (credit)	21	(33)

9 Property, plant and equipment

	Fixtures and fittings £000	Total £000
Cost or valuation		
At 1 October 2017	3	3
At 30 September 2018	**3**	**3**
At 1 October 2018	3	3
At 30 September 2019	**3**	**3**
Depreciation		
At 1 October 2017	3	3
At 30 September 2018	**3**	**3**
At 1 October 2018	3	3
At 30 September 2019	**3**	**3**
Carrying amount		
At 30 September 2019	-	-
At 30 September 2018	-	-

10 Intangible assets

	Goodwill £000	Other intangible assets £000	Total £000
Cost or valuation			
At 1 October 2017	337	1,604	1,941
Additions (re-stated)	-	103	103
At 30 September 2018 (re-stated)	**337**	**1,707**	**2,044**
At 1 October 2018	337	1,707	2,044
Additions	-	133	133
At 30 September 2019	**337**	**1,840**	**2,177**
Amortisation			
At 1 October 2017	-	648	648
Amortisation charge	-	199	199
At 30 September 2018	**-**	**847**	**847**
At 1 October 2018	-	847	847
Amortisation charge	-	230	230
At 30 September 2019	**-**	**1,077**	**1,077**
Carrying amount			
At 30 September 2019	**337**	**763**	**1,100**
At 30 September 2018 (re-stated)	**337**	**860**	**1,197**

On 4 October 2018, the Company acquired a client bank, included in the purchase price was deferred contingent consideration.

In the prior year, the share purchase acquisition was incorrectly classified as goodwill and other intangible assets and the deferred consideration payable was classified against other intangible assets. These have has been corrected to investments and other payables. As previously stated, there were additions of £495,000 of goodwill and £797,000 of other intangible assets. This was adjusted to remove £495,000 of goodwill and £694,000 of other intangible assets. This left a re-stated additions amount of £Nil goodwill and £133,000 other intangible assets and net book value of £337,000 for goodwill and £763,000 for other intangible assets and a total of £1,100,000.

11 Investments

	2019 £000	2018 £000 Re-stated	2018 £000 Adjusted	2018 £000 As previously stated
Investment in subsidiaries at 1 October	2,449	-	-	-
Additions	868	2,449	2,449	-
Disposals	(295)	-	-	-
As at 30 September	3,022	2,449	2,449	-

Subsidiaries

Details of the Company subsidiaries as at 30 September 2019 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2019	2018
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%

Acquisition of subsidiaries

During the year, the Company acquired 100% of the issued share capital of Derbyshire Booth on 24 April 2019. On 3 September 2019, the Company acquired Sinfonia Asset Management Limited, another Group company.

Sale of subsidiaries

On 30 September 2019, the Company sold Sinfonia Asset Management Limited, the profit on sale has been calculated as follows:

	2019 £000
Cash consideration received	1,962
Contingent consideration	630
Total fair value of consideration	2,592
Less investment held	(295)
Profit on sale of subsidiary	2,297

Contingent consideration is based on the estimated funds under management over a period of time, discounted back to present value.

12 Trade and other receivables

	2019 £000	2018 £000
Trade receivables	68	272
Receivables from related parties	355	2
Taxation	-	33
Deferred consideration receivable	631	-
Prepayments	41	72
Total current trade and other receivables	1,095	379

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

13 Obligations under leases and hire purchase contracts

Operating leases

At the end of the financial year the company had commitments under non-cancellable operating leases as set out below:

	2019 £000	2018 £000
Within one year	6	5
In two to five years	-	30
	6	35

14 Trade and other payables

	2019 £000	2018 £000 Re-stated	2018 £000 Adjustment	2018 £000 As previously stated
Trade payables	136	387	-	387
Accrued expenses	46	144	-	144
Amounts due to related parties	2,326	2,275	-	2,275
Other payables	823	943	853	90
	3,331	3,749	1,260	2,896
Non-current liabilities				
Other payables	135	407	407	-

14 Trade and other payables (continued)

The directors consider that the carrying amount of trade and other payables approximates their fair value. Amounts due to related parties are repayable on demand. In the prior year, the deferred consideration payable on the share purchase acquisition was classified against other intangible assets. This has been corrected to other payables.

15 Called up share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	**£**	**No.**	**£**
1 A Ordinary Share of £1 each	1	1	1	1

16 Related party transactions

Summary of transactions with parent entities

As a wholly owned subsidiary, the Company has taken advantage of the exemption in FRS 101 "Related Party Transactions" from disclosing related party transactions with other entities included in the consolidated financial statements of Tenet Group Limited.

17 Parent and ultimate parent undertaking

The company is a wholly owned subsidiary of Tenet Client Services Limited, a company incorporated in England and Wales. The directors consider that Tenet Group Limited, also a company incorporated in England and Wales, is the Company's ultimate parent undertaking and is the controlling party.

Tenet Group Limited is the smallest and largest group in which the results of the company are consolidated.
Copies of the financial statements of Tenet Group Limited are available from 5 Lister Hill, Horsforth, Leeds, LS18 5AZ.

18 Events after the balance sheet date

After the balance sheet date, 100% of the issued share capital of Maguire Financial Limited and a client bank were acquired on 18 December 2019.

19 Prior period error

On 18 September 2018, the Company acquired a subsidiary Elementum Limited for a consideration comprising:

- cash payment on date of completion of the share purchase
- purchase price adjustment for net asset value in excess of specified amount
- deferred consideration payable in equal instalments on the first and second acquisition anniversaries; and
- contingent consideration payable at the end of the second year from the date of acquisition depending on Elementum's financial performance.

This transaction was incorrectly accounted for as a trade and assets purchase resulting in recognition of goodwill and intangible assets of £495k and £694k respectively. The intangible assets were presented net of the purchase price adjustment, deferred and contingent consideration payables. This error has no impact on the financial position previously reported at 1 October 2017.

The correction of the balance sheet errors at 30 September 2018 resulted in the restatements set out below. There is no material impact on the profit and loss for the prior year.

	2018 £000 Re-stated	2018 £000 Adjustment	2018 £000 As previously stated
Non-current assets			
Goodwill	337	(495)	832
Intangibles	1,707	(694)	2,401
Investment in subsidiary	2,449	2,449	-
	4,993	1,260	3,233
Current liabilities			
Other payables	943	853	90
Non-current liabilities			
Other payables	407	407	-