#Registration number: 03909395

Tenet Group Limited

Annual Report and Consolidated Financial Statements

For the year ended 30 September 2021

Tenet Group Limited accounts filed in support of its subsidiary company (Aspire Financial Management Limited) in respect of the s479a audit exemption.

Tenet Group Limited

Contents

Tenet Group Limited

Company Information

Directors
H M Ball
J Darlington
J Ewing
P Hilling
M Hogg
M W Scanlon
M K Tyler

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 2021

The directors present their Strategic Report on the group for the year ended 30 September 2021.

Overview of the business
The Group continued to be impacted by the Covid-19 pandemic particularly in the first half of the financial year. Despite this the Group made a profit before the deduction of exceptional items. Our core business of provision of financial advice and associated compliance services has not changed.

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;
- Acquisition opportunities for member firms; and
- Provision of professional indemnity insurance.

Review of performance in the year
The Group reported a profit before tax, depreciation, amortisation, interest and exceptional items of £3,543k (2020: loss of £559k). The Group loss before tax was £21,307k (2020: £4,080) including an impairment charge of £10.3m and a £13.3m provision in respect of the s404 redress scheme for the British Steel defined benefit pension scheme (Note 18). In real cash terms (Note 20), the net cash generated from operations was £2,095k (2020: outflow of £352k).

Included in these results is an impairment charge of £10.3m. This relates to historical acquisition activity in the Network. This is due to the reorganisation of the business and changes in the operating model.

During the year, the Group has continued with its strategy to grow the own brand financial advice business Tenet & You Limited. In December 2020 the Group acquired the trade and assets of Police Mutual's investment advice and mortgage advice businesses, known as Police Mutual Advisory Limited and Mortgage Excellence Plc respectively. In July 2021 the Group also acquired Astute Financial Advisers Limited.

Tenet Network Services ('TNS') provides a range of services to investment adviser firms and mortgage and protection adviser firms. TNS still continues to be the logical home choice for firms looking to leverage the breadth and depth that Tenet can offer.

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 impact of Covid-19 and the related restrictions continues to have an adverse impact on the business. This is particularly the case within the Network which continues to experience lower volumes. When required the Group continued to effectively service network members and clients remotely and the majority of staff were able to safely work from home, with few activities requiring attendance at any of our national offices.

Review of performance in the year (continued)

Profit/(loss) before interest, tax, depreciation, amortisation and exceptional items:

	2021 £000	2020 £000
Tenet & You & subsidiaries	848	(257)
Tenet Network Services	1,034	(1,553)
Tenet Compliance Services	33	(45)
Paragon	1,398	(965)
Other group companies and consolidation adjustments	230	2,261
	3,543	(559)

With respect to normal operating activities, Tenet continued to remain financially resilient and stable, with strong liquidity and capital. Cash ended the year at £23.5m (2020: £27.5m) with no debt held. While cash has decreased in the year, this is largely due to acquisitions and investments made. Cash generated from operations was £2.1m in the year. Cash and Capital are managed prudently to ensure sufficient headroom for any financial shock.

The emergence of the BSPS provision was an adjustment calculated post balance sheet and to mitigate any negative impact on the Regulated Capital surpluses within the Regulated Entities, the Board engaged with the Shareholders to obtain support in the form of equity capital. The board also engaged with the FCA to keep them appraised of the impact of the BSPS provision as well as their plans to mitigate and as such, the capital position in September 2022 and in the forecasts is in surplus and no regulatory breach was triggered.

Tenet's people continued to be resilient, determined and highly engaged during the year, despite the ongoing challenges presented. Our colleagues continue to score Tenet highly with an engagement score higher 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 up to the balance sheet date;

- Winner of Best Advice Network at Professional Adviser Awards 2021
- Shortlisted for Best Network at Professional Adviser Awards 2022
- Compliance Services shortlisted for Best Support Service for Advisers at Professional Adviser Awards 2022
- Winner of Kent Reliance for Intermediaries Network of the Year at OSB Group Plc Key Intermediary Awards 2021
- Finalist for Best Employer at Yorkshire Financial Awards 2022
- Finalist for Best Network at Money Marketing Awards 2021 & 2022
- Finalist for Woman of the Year – In-house Adviser Support at Professional Adviser Women In Financial Advice Awards 2021

Financial Position

The balance sheet shows that the Group's cash position has decreased by £4.0m to £23.5m (2020: £27.5m) and net assets have decreased by £21.7m to £9.1m (2020: £30.8m). Of the Group companies, four (2020: four) are regulated by the FCA and commentary on the financial resources of these firms is included in this report. Furthermore, post balance sheet date, the existing shareholders have purchased £14.0m of fresh equity increasing net assets by £14.0m.

Key performance indicators

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

	2021 £000	Remove Exceptionals £000	Adjustment 2021 £000	2020 £000	Remove Exceptionals £000	Adjustment 2020 £000
Gross profit	23,532	-	23,532	19,681	-	19,681
Operating (loss)/ profit	(21,212)	22,588	1,376	(4,219)	1,837	(2,382)
(Loss)/profit before tax	(21,307)	22,588	1,281	(4,080)	1,837	(2,243)
Cash	23,509	-	23,509	27,534	-	27,534
Net assets	9,121	-	9,121	30,751	-	30,751

	Number	Number
Headcount	250	267

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 three 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 2022 and beyond as part of the Group's long term plan. The strategic themes are:

- Improve Tenet Network Services performance through recruitment;
- 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.

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, as an opportunity for feedback 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.	Winner Best Network, Professional Adviser Awards 2021.
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. Nomination for Best Employer at Yorkshire Financial Awards. Engagement score 2% higher than the FS industry average score.

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

Key Stakeholders	Engagement	Impact
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 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.
Investors		
Aviva, abrdn 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 material breaches have occurred in the financial year. In December 2021, the Group was contacted by the FCA in connection with a multi-firm thematic review in relation to the potential redress for former members of the British Steel Pension Scheme. (Note 18)
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.	Every colleague has one paid day a year with which to volunteer within the local community

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 21) and fines imposed by the FCA for regulatory breaches. Such Group companies operate a strict compliance regime, including regular audits of their Appointed Representatives or financial advisers as applicable, to mitigate such risks and have arranged professional indemnity insurance (see below) which conforms to the requirements of the FCA.

For 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 business 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 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.

Financial resources of the regulated network businesses at 30 September 2021
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.

The emergence of the BSPS provision was an adjustment calculated post balance sheet and to mitigate any negative impact on the Regulated Capital surpluses within the Regulated Entities, the Board engaged with the Shareholders to obtain support in the form of equity capital. The board also engaged with the FCA to keep them appraised of the impact of the BSPS provision as well as their plans to mitigate and as such, the capital position in September 2022 and in the forecasts is in surplus and no regulatory breach was triggered.

The Group's insurance arrangements allow for up to £12.5m of inflows against claims to be recovered from third party insurers. Under IAS 37 a reimbursement asset may only be recognised when the realisation of income is virtually certain. Given the degree of uncertainty surrounding the specifics of the s404 claim, and therefore as a result the uncertainty of the Insurance Recoveries, the Board is unable to conclude reliably that recovery of all potential future claims relating to the British Steel Pension Scheme s404 is "virtually certain".

On this basis, to the extent a claim has been made and the insurers have been notified and confirmed cover, we have included this as an asset in the Financial Statements. Applying the same unsuitability and redress percentages used to calculate the provision, the Board believe the best estimate of the likely inflows from the insurers relating to the British Steel Pension Scheme s404 is £0.97m

The issue of fresh equity is not reflected in the Balance Sheet and will be reflected in the financial year ending 30 September 2022. The future outflows that result from the British Steel Pension Scheme s404 redress claim are expected to be paid out between December 2023 and February 2024. The inclusion of the British Steel Pension Scheme s404 provision has no impact on the Group's year end cash position.

At 30 September 2021, 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.

Financial risk management
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).

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. Market risk arises from income derived as a percentage of assets under management (AUM). This is mitigated by the corresponding commission payable being linked and therefore will move 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.

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 further enhanced by Shareholder support in the form of frash equity. Responsibility for liquidity risk management rests with the Group's board. 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.

Approved by the Board on 28 September 2022 and signed on its behalf by:

M K Tyler
Director

Tenet Group Limited

Directors' Report for the Year Ended 30 September 2021

The Directors present their report and the consolidated financial statements, together with the auditor's report for the year ended 30 September 2021.

Directors of the group

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

R Allan	(appointed 19 May 2021 and resigned 3 May 2022)
H M Ball	
K J Craig	(resigned 30 July 2021)
S Murray	(resigned 19 November 2020)
D Tiller	(resigned 11 December 2020)
J Darlington	(appointed 25 October 2020)
C Dibbs	(resigned 07 July 2021)
J Ewing	
P Hilling	
M Hogg	(appointed 25 October 2021)
A B Meeks	(resigned 11 June 2022)
M W Scanlon	
M K Tyler	(appointed 6 September 2022)

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 (2020: £nil).

Future Developments and post Balance Sheet Events

In December 2021, the Group was contacted by the FCA in connection with a multi-firm thematic review in relation to the potential redress for former members of the British Steel Pension Scheme who had been advised to transfer out of the scheme with the intention of launching a Section 404 Redress Scheme. The Group's best estimate of the outflow arising from this redress is £13.7m. This has been discounted to give a net present value of £13.3m. It is expected that redress payments will be made between December 2023 and February 2024.

On 14 September 2022 the holders of the 'B' Ordinary Shares subscribed for £14.0m of Ordinary £0.0001 shares in Tenet Group Limited. Tenet Group Limited simultaneously subscribed for £14.0m Ordinary £1 shares in Tenet Limited. Tenet Limited simultaneously purchased Ordinary shares of £1 in TenetConnect Limited for a cash consideration of £13.0m and in TenetConnect Services Limited for a cash consideration of £1.0m.

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, Regulatory Policy Committee, 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 the Chairman 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.

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.

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
In December 2021, the Group was contacted by the FCA in connection with a multi-firm thematic review in relation to the potential redress for former members of the British Steel Pension Scheme who had been advised to transfer out of the scheme with the intention of launching a Section 404 Redress Scheme. The Group's best estimate of the outflow arising from this redress is £13.7m. This has been discounted to give a net present value of £13.3m.

It is expected that redress payments will be made between December 2023 and February 2024.

On 14 September 2022 the holders of the 'B' Ordinary Shares subscribed for £14.0m of Ordinary £0.0001 shares in Tenet Group Limited. Tenet Group Limited simultaneously subscribed for £14.0m Ordinary £1 shares in Tenet Limited. Tenet Limited simultaneously purchased Ordinary shares of £1 in TenetConnect Limited for a cash consideration of £13.0m and in TenetConnect Services Limited for a cash consideration of £1.0m.

Turning to normal trading activities the Covid-19 pandemic continues to create difficult economic conditions and uncertainty in respect of the level of demand for financial services products, and the Group has made a loss before tax in the financial year ended 30 September 2021.

Despite the difficult trading environment the Group has maintained a strong 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 further funding beuond the recent Shareholder support in the form of fresh equity. This has been expanded within the Strategic Report. As a consequence, the Directors believe that the Group continues to manage its normal 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 13. The financial position of the Group, its cash flows and its liquidity position are described in the Strategic Report. In addition, Note 21 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 £20.8m (2020: £16.2m) unrestricted cash at bank, net assets of £9.1m (2020: £30.8m), 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.

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. This is based on ongoing budgets and forecasts that are regularly updated in the ordinary course of business. Our forecast at 30 September 2023 indicates the Group will meet its FY23 regulatory capital requirement. The Directors have benefited from the support of the main shareholders. 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.

Appointment of auditors

The auditors Deloitte LLP have made the Company aware that they do not intend to continue in their role as auditors of the Company for the next financial year. New Auditors have been appointed who will take over from the current auditors for the financial year ended 30 September 2022 onwards.

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 group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 the parent company financial statements, the directors are required to:

- select suitable accounting policies and then 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.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 28 September 2022 and signed on its behalf by:

M K Tyler
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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- 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;
- the related notes 1 to 23.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. 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

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Risk that revenue was not recognised in the correct accounting year. We tested the year-end pipeline receivable to post year-end receipt to ensure that the cut-off and inclusion in the pipeline receivable was correct with revenue recognised in the correct period.
- Risk of complaint provisions being incomplete. We tested provisions held relating to claims payables arising from complaints. We tested a sample of known complaints to relevant legal and regulatory correspondence to verify whether a provision was required at year-end. We tested the inputs of the unknown complaints model and the wider assumptions and judgements of the overall complaint total held against the risk of future settlements. Utilising regulatory and pension specialists we also challenged Management's key assumptions underlying the British Steel Pension Scheme provision, being suitability and redress rates, by reference to both internal data relating to settled claims and advice suitability as well as external data. We also independently extracted advice data to recalculate the affected population derived by Management.
- Risk of the clawback provision being incomplete. We tested the input assumptions of the clawback model and the key judgements around latency and claim rate. We tested a sample of individual clawbacks used in the calculation to ensure that calculation was being performed accurately.
- Risk that the carrying value of goodwill balances held by the Group are impaired due to the net present value of future cash-flows being lower than the goodwill carrying value. We tested the goodwill model and underlying cash-flow assumptions used to generate the net present value.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the Financial Conduct Authority.

Independent Auditor's Report to the members of Tenet Group 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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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.

M. Bainbridge

Matthew Bainbridge FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
28 September 2022

Tenet Group Limited

Consolidated Income Statement for the Year Ended 30 September 2021

	Note	2021 £000	2020 £000
Revenue	3	157,445	160,711
Cost of sales		(133,913)	(141,030)
Gross profit		**23,532**	**19,681**
Administrative expenses		(19,989)	(20,240)
Profit/(loss) before interest, tax, depreciation, amortisation and exceptional items		**3,543**	**(559)**
Exceptional costs	4	(22,588)	(1,837)
Depreciation and amortisation		(2,167)	(1,823)
Group operating loss	5	**(21,212)**	**(4,219)**
Finance income		43	159
Finance costs		(138)	(20)
Net finance income/(costs)	0	(95)	139
Loss before tax		**(21,307)**	**(4,080)**
Income tax charge	10	(323)	(330)
Loss for the year		**(21,630)**	**(4,410)**

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.

The notes on pages 26 to 49 form an integral part of these financial statements.

Tenet Group Limited

(Registration number: 03909395)
Consolidated Statement of Financial Position as at 30 September 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	11	4,107	4,356
Intangible assets	12	11,841	17,115
investments	13	47	47
		15,995	**21,518**
Current assets			
Trade and other receivables	15	16,553	17,174
Cash and cash equivalents	16	23,509	27,534
		40,062	**44,708**
Total assets		**56,057**	**66,226**
Liabilities			
Current liabilities			
Trade and other payables	17	(22,848)	(24,862)
Non-current liabilities			
Trade and other payables falling due after more than one year	17	(1,925)	(1,095)
Provisions for liabilities	18	(22,163)	(9,518)
Total liabilities		**(46,936)**	**(35,475)**
Net Assets		**9,121**	**30,751**
Equity			
Share capital	19	25	25
Share premium		37,914	37,914
Accumulated losses		(28,818)	(7,188)
Total equity		**9,121**	**30,751**

The notes on pages 26 to 49 form an integral part of these financial statements.

Approved by the Board on 28 September 2022 and signed on its behalf by:

M K Tyler
Director

Tenet Group Limited

(Registration number: 03909395)
Company Statement of Financial Position as at 30 September 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	11	4,107	4,356
Investments in subsidiaries, joint ventures and associates	13	30,361	35,069
		34,468	**39,425**
Current assets			
Trade and other receivables	15	6,961	7,393
Cash and cash equivalents	16	286	43
		7,247	7,436
Total assets		**41,715**	**46,861**
Liabilities			
Current liabilities			
Trade and other payables	17	(10,899)	(11,902)
Non-current liabilities			
Trade and other payables falling due after more than one year	17	(432)	-
Total liabilities		**(11,331)**	**(11,902)**
Net Assets		**30,384**	**34,959**
Equity			
Called-up share capital	19	25	25
Share premium		37,914	37,914
Accumulated losses		(7,555)	(2,980)
Total equity		**30,384**	**34,959**

The consolidated income statement includes a loss of £4,575k (2020: loss of £1,895k) 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.

The notes on pages 26 to 49 form an integral part of these financial statements.

Approved by the Board on 28 September 2022 and signed on its behalf by:

M K Tyler
Director

Tenet Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2021

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total equity £000
At 01 October 2020	25	37,914	(7,188)	30,751
Loss for the year	-	-	(21,630)	(22,598)
Total comprehensive expense	-	-	(21,630)	(22,598)
At 30 September 2021	**25**	**37,914**	**(28,818)**	**8,153**

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total equity £000
At 01 October 2019	25	37,914	(2,778)	35,161
Loss for the year	-	-	(4,410)	(4,410)
Total comprehensive expense	-	-	(4,410)	(4,410)
At 30 September 2020	**25**	**37,914**	**(7,188)**	**30,751**

The notes on pages 26 to 49 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Changes in Equity for the Year Ended 30 September 2021

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total equity £000
At 01 October 2020	25	37,914	(2,980)	34,959
Loss for the year	-	-	(4,575)	(4,575)
Total comprehensive expense	-	-	(4,575)	(4,575)
At 30 September 2021	**25**	**37,914**	**(7,555)**	**30,384**

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total equity £000
At 01 October 2019	25	37,914	(1,085)	36,854
Loss for the year	-	-	(1,895)	(1,895)
Total comprehensive expense	-	-	(1,895)	(1,895)
At 30 September 2020	**25**	**37,914**	**(2,980)**	**34,959**

The notes on pages 26 to 49 form an integral part of these financial statements.

Tenet Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Cash generated from operations	20	2,095	(352)
Income tax paid		(11)	(268)
Net cash in/(out) flows from operating activities		2,084	(620)
Cash flows from investing activities			
Interest received		43	159
Acquisitions of property plant and equipment		(1,279)	(1,543)
Acquisition of intangible assets	12	(4,918)	(1,146)
Acquisition of subsidiary, net of cash acquired	14	74	(9)
Cash advances and loans made to other parties		(275)	(109)
Repayments of cash advances and loans		247	403
Net cash out flows from investing activities		(6,108)	(2,245)
Cash flows from financing activities			
Interest paid	0	(1)	(1)
Net cash out flows from financing activities		(1)	(1)
Net decrease in cash and cash equivalents		(4,025)	(2,866)
Cash and cash equivalents at 01 October		**27,534**	**30,400**
Cash and cash equivalents at 30 September		**23,509**	**27,534**

The notes on pages 26 to 49 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Cash generated from operations	20	(9,302)	(13,741)
Income tax paid		-	-
Net cash out flows from operating activities		(9,302)	(13,741)
Cash flows from investing activities			
Interest received	0	-	1
Acquisitions of property, plant & equipment		(1,279)	(4,356)
Acquisition of intangible assets/ investments		-	(84)
Loans granted to subsidiary undertakings		(9,537)	(2,493)
Loan repayments from subsidiary undertakings		10,784	10,824
Net cash in/(out) flows from investing activities		(32)	3,892
Cash flows from financing activities			
Interest paid	0	(25)	-
Proceeds from loan from subsidiary undertaking		18,797	11,037
Repayments of loan to subsidiary undertaking		(9,195)	(3,296)
Net cash inflows from investing activities		9,577	7,741
Net increase/(decrease) in cash and cash equivalents		243	(2,108)
Cash and cash equivalents at 01 October		**43**	**2,151**
Cash and cash equivalents at 30 September		**286**	**43**

The notes on pages 26 to 49 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.

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 and at least twelve months from the date of the Independent Auditor's Report. 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.

Accounting policies

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

There are no new accounting standards, amendments, or IFRICs which are expected to have an impact on the financial statements.

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

There are no new accounting standards, amendments, or IFRICs which are expected to have an impact on the financial statements for the next accounting period.

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 2021. 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
Under IFRS16 right of use lease items are recognised as an asset and the present value of future lease payments are recognised as a financial liability, with exceptions for short term or low value leases.

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 estimating 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

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 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 were 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

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

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.

Provisions, contingent liabilities and contingent assets

In determining whether the insurance recovery in respect of the British Steel Pension Scheme s404 redress claim should be recorded as an asset, a critical judgement exists over whether the existence of an asset is "virtually certain".

The judgement is based on guidance provided in IAS 37. Given the degree of uncertainty surrounding the BSPS redress claim and confirmation of the final scheme, and therefore as a result the uncertainty of the insurance recoveries, the Board is unable to conclude reliably that recovery of all potential future claims relating to the British Steel Pension Scheme s404 is "virtually certain". On this basis, to the extent a claim has been made and the insurers have been notified and have confirmed cover, we have included this as an asset in the Financial Statements.

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

Key sources of estimating 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.

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.

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 analysis however, does not 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.

Claims payable – British Steel Pension Scheme s404 provision

To arrive at our estimate of the final liability arising under the British Steel Pension Scheme s404 redress claim we identified the British Steel Pension Scheme population and applied an unsuitability rate and a redress rate, using our best estimates and following advice from a number of industry experts. For more information on the British Steel Pension Scheme s404 provision calculation see Note 18 to the accounts.

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

Key sources of estimation uncertainty (continued)

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 Mortgage Solutions Limited and Tenet Financial Services 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.

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 is £3.2m (2020: £12.0m). During the year the Group performed discounted cash flow calculations based on long term assumptions and the three year plan to validate the carrying value of intangibles. Included in the result is an impairment charge of £10.3m. This relates to historical acquisition activity in the Network. This is due to the reorganisation of the business and changes in the operating model.

To determine whether investments are impaired, the Company makes an estimate of the value in use of the cash generating units, to which the investments relate. This is done using the higher of net asset value and discounted cash flow analysis based on the three year plan. The discount rate used is 3% extrapolated over a twenty year period. The downturn in cashflows from the Covid-19 pandemic has resulted in an impairment being made of £4.7m to investments held. The carrying amount of Company investments at the balance sheet date was £30.4m (2020: £35.1m).

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 costs

The exceptional costs for the year were as follows:

	2021 £000	2020 £000
Provision for British Steel Pension Scheme s404 claims	(13,250)	-
Loss on sale of subsidiary	-	(563)
Impairment of computer software	-	(238)
Impairment of goodwill and intangible assets	(10,306)	(186)
Impairment of investments	-	(161)
Restructuring costs	-	(689)
Insurance recoveries for the British Steel Penson scheme s404 claims	968	-
	(22,588)	(1,837)

5. Operating loss

Calculated after the deduction of:

	2021 £000	2020 £000
Depreciation expense	1,528	1,367
Amortisation expense	639	463

6. Finance income and costs

	2021 £000	2020 £000
Finance income		
Interest income on bank deposits	32	112
Other interest received	11	47
Total finance income	43	159
Finance costs		
Interest payable and similar items	(1)	(1)
Change in deferred consideration estimate	(54)	-
Unwind of discount	(83)	(19)
Total finance costs	(138)	(20)
Net finance (costs)/income	(95)	139

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

7. Staff costs - Group

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

	2021 No.	2020 No.
Administration	242	258
Directors	8	9
	250	267

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

	2021 £000	2020 £000
Wages and salaries	11,501	11,008
Social security costs	1,215	1,189
Pension costs, defined contribution scheme	658	591
	13,374	12,788

Company

All staff utilised by the Company in the delivery of its services, including the directors of the company, are employed by Tenet Group Limited. Tenet Group Limited receives recompense from the subsidiaries in respect of this service through management recharges. Staff costs retained within Tenet Group Limited in the year are £513k (2020:£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 (2020: £nil).

8. Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £000	2020 £000
Remuneration	1,111	1,250
Contributions paid to money purchase schemes	61	53
	1,172	1,303

Company

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

	2021 No.	2020 No.
Administration	242	258
Directors	8	9
	250	267

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:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid Director:

	2021 £000	2020 £000
Remuneration	393	315

9. Auditors' remuneration

	2021 £000	2020 £000
Audit of these financial statements	13	13

	2021 £000	2020 £000
Audit of the Company's subsidiaries pursuant to legislation	247	180
Other assurance and corporation taxation services	28	25
	275	205

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

10. Income tax

Tax charged in the income statement

	2021 £000	2020 £000
Current taxation		
UK corporation tax	(2)	223
Deferred tax	325	107
Total tax charge	323	330

The tax on loss before tax for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £000	2020 £000
Loss before tax	(21,307)	(4,080)
Corporation tax at standard rate	(4,048)	(775)
Tax effects of;		
- Depreciation and disposal of assets subject to capital allowances	245	259
- Capital allowances	(396)	(322)
- Group companies exempt from taxation	(268)	174
- Brought forward losses utilised	(98)	-
- Group relief	-	(8)
- Amortisation not subject to income tax	121	87
- Impairment not subject to income tax	1,958	173
- Disallowable expenses	152	12
- Other timing differences	2,334	
Prior year adjustments	(2)	445
Deferred taxation movement	325	285
Total tax charge	323	330

Finance Act 2021, which was substantively enacted on 24 May 2021, includes a provision to increase corporation tax to 25% with effect from 1 April 2023. This rate increase has been applied to any timing differences expected to reverse on or after 1 April 2023.

Deferred tax

The Group has a recognised deferred tax liability of £1,669,000 (2020: liability of £519,000 at 19%) in relation to capital allowances, intangibles and carried forward losses. There is £763,000 un-provided deferred taxation at 30 September 2021 at the recognised deferred tax rate of 25% (2020: £155,000 at 19%), in relation to brought forward losses.

The current deferred tax asset balance at is £380,000 (2020: £272,000 at 19%) in relation to capital allowances and carried forward losses.

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

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 01 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**
At 01 October 2020	748	118	281	3,790	1,030	5,967
Additions	30	128	502	498	121	1,279
Transfer between categories	9	-	-	(9)	-	-
Disposals/ impairment	-	-	-	-	(1)	(1)
Transfer of completed assets	-	247	(617)	370	-	-
At 30 September 2021	**787**	**493**	**166**	**4,649**	**1,150**	**7,245**
Depreciation						
At 01 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**
At 01 October 2020	482	68	-	832	229	1,611
Charge for year	79	56	-	1,151	242	1,528
Transfer between categories	9	-	-	(9)	-	-
Eliminated on disposal/ impairment	-	-	-	-	(1)	(1)
At 30 September 2021	**570**	**124**	**-**	**1,974**	**470**	**3,138**
Carrying amount						
At 30 September 2021	**217**	**369**	**166**	**2,675**	**680**	**4,107**
At 30 September 2020	**266**	**50**	**281**	**2,958**	**801**	**4,356**

12. Intangible assets

Group

	Goodwill £000	Acquisition Costs £000	Other Intangible Assets £000	Total £000
Cost or valuation				
At 01 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**
At 01 October 2020	19,676	688	6,803	27,167
Adjustments to acquisitions within 12 month period	81	-	-	81
Additions	758	-	4,832	5,590
Impairment	(10,306)	-	-	(10,306)
At 30 September 2021	**10,209**	**688**	**11,635**	**22,532**
Amortisation				
At 01 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**
At 01 October 2020	7,684	671	1,697	10,052
Amortisation charge		17	622	639
At 30 September 2021	**7,684**	**688**	**2,319**	**10,691**
Carrying amount				
At 30 September 2021	**2,525**	**-**	**9,316**	**11,841**
At 30 September 2020	**11,992**	**17**	**5,106**	**17,115**

The impairment charge of £10.3m relates to historical acquisition activity in the Network. This arises due to the reorganisation of the business and changes in the operating model.

12. Intangible assets (continued)

On 18 December 2020 the Group acquired the trade and assets of Police Mutual's investment advice and mortgage advice businesses, known as Police Mutual Advisory Limited and Mortgage Excellence Plc respectively. The Group paid £2,253k consideration for the assets which includes £1,154k contingent consideration which is subject to how the acquisitions perform over a two year period.

On 30 July 2021 the Group acquired 100% of the issued share capital of Flexcrest Limited the parent company of Astute Financial Advisers Limited. The Group paid £2,637k which includes £1,124k contingent consideration which is subject to performance over a two year period.

13. Investments

Group subsidiaries

Details of the group subsidiaries as at 30 September 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held	
			2021	2020
Tenet Limited	Holding Company	England and Wales	100%	100%
Tenet Client Services Limited	Holding Company	England and Wales	100%	100%
Paragon Insurance Company Guernsey Limited	Insurance Company	Guernsey (C.I.)	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	Provision of financial advice	England and Wales	100%	100%
Tenet Compliance Services Limited	Professional and administration services	England and Wales	100%	100%
Tenet Financial Services Limited	Provision of financial advice	England and Wales	100%	100%
Tenet Mortgage Solutions Limited	Provision of financial advice	England & Wales	100%	100%

13. Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held	
			2021	2020
Aspire Financial Management Limited	Dormant	England and Wales	100%	100%
Elementum Limited	Dormant	England and Wales	100%	100%
Derbyshire Booth Financial Management Limited	Dormant	England and Wales	100%	100%
Forth Financial Services Limited	Dormant	Scotland	100%	100%
Ask Financial Management Limited	Dormant	England and Wales	100%	100%
Living In Retirement Limited	Dormant	England and Wales	100%	100%
Tenet Business Solutions Limited	Holding Company	England and Wales	100%	100%
Astute Financial Advisers Limited	Provision of financial advice	England & Wales	100%	100%
Flexcrest Limited	Holding Company	England & Wales	100%	100%

All the holdings are ordinary shares.

For the year ending 30 September 2021 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 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;
Aspire Financial Management Limited, company number 07804624;
Astute Financial Advisers Limited, company number 03999011;
Flexcrest Limited, company number 04788794; and
Tenet Business Solutions Limited, company number 03473878

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 2021 to the above mentioned subsidiaries.

13. Investments (continued)

Fixed Asset Investments

	2021 £000	2020 £000
Investments in associates brought forward	47	234
Impairment	-	(187)
As at 30 September	47	47

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 was impaired in the prior financial year.

Summary of the Company investment

	2021 £000	2020 £000
Investment in subsidiaries at 1 October	35,069	36,643
Additions	-	47
Impairment	(4,708)	(1,621)
Disposals	-	-
As at 30 September	30,361	35,069

The Company's investments brought forward of £35m relate to historical acquisition activity. Following the Company's annual impairment review these investments were impaired by £4.7m. This is due to the reorganisation of the business and changes in the operating model.

14. Acquisition of subsidiaries

On 30 July 2021 the Group acquired 100% of the issued share capital of Flexcrest Limited.

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

	2021 £000
Cash and cash equivalents	207
Tangible net (liabilities)/ assets	(77)
Deferred tax liability	(437)
Identifiable intangible assets	2,186
Total identifiable net assets	1,879
Goodwill	758
Total assets acquired	2,637
Satisfied by:	
Cash	1,513
Contingent consideration arrangement	1,124
Total consideration transferred	2,637

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.

	2021 £000
Net cash outflow arising on acquisition:	
Cash consideration	1,513
Less: cash and cash equivalent balances acquired	(207)
	1,306

There has been goodwill of £758k identified in the current year. 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 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade receivables	15,360	16,410	444	483
Less expected credit losses	(1,424)	(1,115)	(51)	(8)
Net trade receivables	13,936	15,295	393	475
Receivables from related parties	-	-	4,532	4,729
Prepayments	1,528	1,334	1,450	1,195
Other receivables	121	545	231	427
Contingent Asset	968	-	-	-
Deferred tax asset	-	-	355	567
Total current trade and other receivables	16,553	17,174	6,961	7,393

Included within the Group's trade receivable balance are debtors with a carrying amount of £1,359k (2020: £1,189k) which are past due at the reporting date. The carrying value of these receivables past-due by less than three months is £23k (2020: £59k), whilst £1,336k (2019: £1,130k) 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 (2020: £nil).*

Movement in expected credit losses	2021 £000	2020 £000
Opening Balance	1,115	941
Additional allowance provided for during the year	1,269	354
Amounts written off during the year	-	(11)
Amounts recovered during the year	(960)	(169)
Closing Balance	1,424	1,115

The Contingent Asset represents the portion of future Insurance Recoveries which is considered "virtually certain" (Note 18) £968k

16. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank	23,509	27,534	286	43

Included within cash at bank and in hand is £11.6m (2020: £7.5m) of short and medium-term fixed deposit investments and £2.7m (2020: £2.9m) restricted cash.

17. Trade and other payables

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade payables	16,620	21,858	509	1,352
Accrued expenses	2,123	1,114	1,904	1,544
Amounts due to related parties	-	-	7,774	7,872
Social security and other taxes	488	63	334	-
Deferred tax liability	1,669	518	-	-
Other payables	1,948	1,309	378	1,134
	22,848	24,862	10,899	11,902

Trade payables includes £2,465k (2020: £2,311k) 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 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Other payables	1,925	1,095	432	-
	1,925	1,095	432	-

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 01 October 2020	792	8,726	9,518
Provision utilised	(4,674)	(453)	(5,127)
Provisions released	(282)	(3,932)	(4,214)
British Steel Pension Scheme s404 provision	-	13,250	13,250
Other provisions added	4,603	4,133	8,736
At 30 September 2021	439	21,724	22,163

Claims payable provision

The claims payable provision is in respect of amounts that may be payable to the customers of certain Group companies. 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 or another Group company responsible for the individual case.

British Steel Pension Scheme s404 provision

In December 2021, the Group was contacted by the FCA in connection with a multi-firm thematic review in relation to the potential redress for former members of the British Steel Pension Scheme who had been advised to transfer out of the scheme with the intention of launching a Section 404 Redress Scheme. The Group's best estimate of the outflow arising from this redress is £13.7m. This has been discounted to give a net present value of £13.3m. It is expected that redress payments will be made between December 2023 and February 2024. The following uncertainties were considered by management in arriving at their best estimate:

- Change in the scheme from Opt-Out to Opt-In as indicated by FCA guidance
- The potential for removal of or a reduction in the scope of the scheme
- The impact of other exits from the scheme
- The redress rate and unsuitability rate

Sensitivities have been performed against the potential value of the claims assumed in arriving at the Group's best estimate of the liability as follows:

- + / - 10% in redress rate increases / decreases the provision by + / - £5.5m
- + / - 15% in redress rate increases / decreases the provision by + / - £8.2m
- + / - 20% in redress rate increases / decreases the provision by + / - £10.9m

The Group's insurance arrangements allow for up to £12.5m of inflows against claims to be recovered from third party insurers. Under IAS 37 a reimbursement asset may only be recognised when the realisation of income is virtually certain. Given the degree of uncertainty surrounding the BSPS redress claim and confirmation of the final scheme, and therefore as a result the uncertainty of the Insurance Recoveries, the Board is unable to conclude reliably that recovery of all potential future claims relating to the British Steel Pension Scheme s404 is "virtually certain".

On this basis, to the extent a claim has been made and the insurers have been notified and confirmed cover, we have included this as an asset in the Financial Statements. Applying the same unsuitability and redress percentages used to calculate the provision, the Board believe the best estimate of the specific inflows from the insurers relating to the British Steel Pension Scheme s404 is £0.97m.

Commission clawback provision
The provision for commission clawback in certain Group companies relates to commission receipts which may be subsequently repaid should policies be cancelled after their sale. The Group companies recharge some or all of such amounts as applicable to the Appointed Representatives, Group company or financial advisers, responsible for the individual case.

19. Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £	2020 No.	2020 £
'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 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Loss/ profit before tax	(21,307)	(4,080)	(4,681)	(1,599)
Adjustments for;				
Depreciation	1,528	1,367	1,528	1,352
Amortisation	639	456	-	-
Impairment/ profit or loss on disposal of PPE and intangible assets	10,306	586	4,708	1,865
Cash impact of right of use asset	-	(284)	-	(284)
Loss/ (profit) on disposal of subsidiary	-	563	-	-
Recharged income	-	-	(10,750)	(16,280)
Finance cost/(income) – net	95	(158)	25	(1)
Changes in working capital:				
Trade and other receivables – decrease/(increase)	649	(2,680)	341	(166)
Trade and other payables – increase/ (decrease)	(2,460)	2,597	(473)	1,372
Provisions – increase/ (decrease)	12,645	1,281	-	-
	2,095	(352)	(9,302)	(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 of the Group Companies and receives information in respect of the financial resources of these Group Companies throughout the year. 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.

21. 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 (2020: £nil).

The maximum Group exposure to credit risk at the reporting date was £37.4m (2020: £43.0m). These balances are comprised of all financial assets.

The Company's credit risk is almost entirely attributable to its cash balances and trade receivables.

The maximum exposure of the Company to credit risk at the reporting date was £5.2m (2020: £4.9m). 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	2021 £000	2020 £000
Cash	23,509	27,534
Trade receivables net of provisions	13,936	15,510
	37,445	43,044

Financial Liabilities	2021 £000	2020 £000
Trade payables	16,620	21,858

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

Financial Assets	2021 £000	2020 £000
Cash	286	43
Trade receivables	393	475
Intercompany receivables	4,532	4,729
	5,211	5,247

Financial Liabilities	2021 £000	2020 £000
Trade payables	509	1,352
Intercompany payables	7,774	7,872
	8,283	9,224

22. Related party transactions

Ultimate beneficial owner

The Company is not considered to have an ultimate beneficial owner, but has three 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 this or the previous financial year.

Movements in balances between the Company and its wholly owned subsidiaries ("Group companies") as follows:

Income and receivables from related parties

2021	Subsidiary £000
Management charges from Group companies	10,750
Cash receipts from Group companies	25,942
	36,692

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

Expenditure with and payables to related parties

2021	Subsidiary £000
Cash payments to Group companies	(1,348)

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

23. Events after the balance sheet date

In December 2021, the Group was contacted by the FCA in connection with a multi-firm thematic review in relation to the potential redress for former members of the British Steel Pension Scheme who had been advised to transfer out of the scheme with the intention of launching a Section 404 Redress Scheme. The Group's best estimate of the outflow arising from this redress is £13.7m. This has been discounted to give a net present value of £13.3m. It is expected that redress payments will be made between December 2023 and February 2024.

On 14 September 2022 the holders of the 'B' Ordinary Shares subscribed for £14.0m of Ordinary £0.0001 shares in Tenet Group Limited. Tenet Group Limited simultaneously subscribed for £14.0m Ordinary £1 shares in Tenet Limited. Tenet Limited simultaneously purchased Ordinary shares of £1 in TenetConnect Limited for a cash consideration of £13.0m and in TenetConnect Services Limited for a cash consideration of £1.0m.