Registration number: 03909395

Tenet Group Limited

Annual Report and Consolidated Financial Statements

For the year ended 30 September 2022

Parent Company accounts filed in support of Aspire Financial Management Ltd which relies upon the audit exemption set out at s479A Companies Act 2006.

Tenet Group Limited

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Tenet Group Limited

Company Information

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H M Ball
J Drummond-Smith
P Hilling
M Hogg
M Reid

Company secretary
J Hixon

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Tenet Group Limited

Strategic Report for the Year Ended 30 September 2022

The directors present their Strategic Report on the Group for the year ended 30 September 2022.

Overview of the business
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 loss before tax, depreciation, amortisation, interest and exceptional items of £2.8m (2021: profit £3.5m).

The Group profit before tax was £4.9m (2021: loss £21.3m) including an impairment charge of £1.6m (2021: £10.3m). The 2021 loss before tax was after a £13.3m provision in respect of the s404 redress scheme for the British Steel defined benefit pension scheme (Note 17). After a review of the expected claims payable and our insurance cover in respect of these claims this provision has been reduced to £1.6m in 2022.

In real cash terms (Note 20), the net cash outflow from operations was £1.4m (2021: inflow of £2.1m).

During the year the Group continued with its strategy to grow the own brand financial advice business Tenet & You 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.

Review of performance in the year (continued)

Loss/(profit) before interest, tax, depreciation, amortisation and exceptional items:

	2022 £000	2021 £000
Tenet & You & subsidiaries	1,139	848
Tenet Network Services	(1,630)	1,034
Tenet Compliance Services	36	33
Paragon	(1,710)	1,398
Other group companies and consolidation adjustments	(648)	230
	(2,813)	**3,543**

With respect to normal operating activities and following the shareholder support provided Tenet continued to remain financially resilient and stable, with strong liquidity and capital. Cash ended the year at £34.3m (2021: £23.5m) with no debt held. The increase in cash includes £14m of Shareholder support in the form of equity capital injected into the Regulated Entities. The Shareholder support was intended to mitigate any negative impact on Regulated Capital surpluses within the Regulated Entities arising from the British Steel Pension Scheme s404 claim. Cash and Capital are managed prudently to ensure sufficient headroom for any financial shock.

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;

- Shortlisted for Best Network at the Money Marketing Awards 2022
- 5 colleagues shortlisted in the 2022 Professional Adviser Women in Financial Advice Awards
- Shortlisted for Best Network at the Professional Adviser Awards 2022
- Shortlisted for Best Support Service for Advisers at the Professional Adviser Awards 2022
- Tenet celebrates 30 years as a Network in 2022
- Finalist for Best Network at Money Marketing Awards 2021 & 2022.

Financial Position

The balance sheet shows that the Group's cash position has increased by £10.8m to £34.3m (2021: £23.5m) including the share capital injection in the Regulated Entities and net assets have increased by £17.7m to £26.8m (2021:£9.1m). Of the Group companies, four (2021: four) are regulated by the FCA and commentary on the financial resources of these firms is included in this report.

Key performance indicators

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

	2022 £000	Remove Exceptionals £000	Adjustment 2022 £000	2021 £000	Remove Exceptionals £000	Adjustment 2021 £000
Gross profit	19,126	-	19,126	23,532	-	23,532
Operating profit/ (loss)	4,654	(10,061)	(5,407)	(21,212)	22,588	1,376
Profit/ (loss) before tax	4,868	(10,061)	(5,193)	(21,307)	22,588	1,281
Cash	34,331	-	34,331	23,509	-	23,509
Net assets	27,909	-	27,909	9,121	-	9,121

	2022 Number	2021 Number
Headcount	267	266
FTE	259	250

The above shows both the numbers of staff employed by the Group and the numbers of FTEs.

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

During the period the Group has continued to keep its long-term strategy under review in order to ensure the future of all its businesses. Following the departure of the CEO in 2023 the Group has continued to pursue the strategic themes for the Group that were communicated to all employees and linked to their objectives in 2021 and to consider further how best to maximise value within the Group in the long term. 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.	Shortlisted for Best Network at the Money Marketing Awards 2022. Shortlisted for Best Network at the Professional Adviser Awards 2022. Shortlisted for Best Support Service for Advisers at the Professional Adviser Awards 2022. Tenet celebrates 30 years as a Network in 2022.
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.	5 colleagues shortlisted in the 2022 Professional Adviser Women in Financial Advice Awards.

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.	Aviva and Aegon each have a seat on our board, which meets on a monthly basis, and are 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 17)
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 3 and 17) 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 2022
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 British Steel Pension Scheme s404 emerged during December 2021. 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 British Steel Pension Scheme s404 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 future outflows that result from the British Steel Pension Scheme s404 redress claim are expected to be paid out between October and December of 2023. The inclusion of the British Steel Pension Scheme s404 provision has no impact on the Group's year end cash position.

At 30 September 2022, 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 United Kingdom. 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 14).

Credit risk on cash balances is managed through the lodgement of such balances through a number of financial institutions whereby a maximum of 30% of operational cash 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 fees 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 fresh 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 17 May 2023 and signed on its behalf by:

P Hilling
Chairman

Tenet Group Limited

Directors' Report for the Year Ended 30 September 2022

The Directors present their report and consolidated financial statements, together with the auditor's report for the year ended 30 September 2022.

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	(resigned 3 May 2022)
H M Ball	
J Darlington	(resigned 30 September 2022)
J Drummond-Smith	(appointed 31 October 2022)
J Ewing	(resigned 24 November 2022)
P Hilling	
M Hogg	(appointed 25 October 2021)
A B Meeks	(resigned 11 June 2022)
M Reid	(appointed 24 November 2022)
A Ross	(appointed 19 May 2021 and resigned 3 May 2022)
M W Scanlon	(resigned 10 May 2023)
M K Tyler	(appointed 6 September 2022 and resigned 5 May 2023)

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 (2021: £nil).

Future Developments and post Balance Sheet Events

At the date of this report, there are no plans in place that would lead to any major changes in the Company's activities in the following year.

In addition to the BSPS scheme redress, and in the context of on-going focus by the regulator of Defined Benefit pension transfers the Group are aware of a further population of transfers of concern that a former Appointed Representative of the Groups advised on in the period 2015 – 2017. These transfers related to enhanced transfer value arrangements and as such present a different challenge in determining any potential redress which may be applicable in the future. At the time of signing the accounts the Group in unable to quantify the potential loss, if any, which may pertain to this population.

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, and Group Claims 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.

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 monthly 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

The Group made a profit before tax of £4.8m in the financial year ended 30 September 2022, after adjusting for exceptional items this becomes a loss before tax of £5.2m.

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. 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 14. The financial position of the Group, its cash flows and its liquidity position are described in the Strategic Report. In addition, the Strategic Report (page 8) and Note 20 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, market risk and liquidity risk.

The Group has a significant level of financial resources, including £32.2m (2021: £20.8m) unrestricted cash at bank, net assets of £26.9m (2021: £9.1m), 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 31 May 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

For the financial year, PricewaterhouseCoopers LLP were appointed to conduct their role as auditors for the Company. Their position as auditors will stay true until notified otherwise.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Consolidated Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). In preparing the group financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board on 17 May 2023 and signed on its behalf by:

P Hilling
Chairman

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

Report on the audit of the financial statements

Opinion

In our opinion:

- Tenet Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 30 September 2022; the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the Company Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority ("FCA") regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquired of management and those charged with governance around actual and potential litigation and claims;
- enquired of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- reviewed minutes meetings held by those charged with governance;
- reviewed financial statement disclosures and testing to support documentation to assess compliance with applicable laws and regulations;
- reviewed key correspondence with the FCA, including those in relation to compliance with laws and regulations;
- performed testing over the risk of management override of controls, based on specific risk based criteria including through testing journals entries posted by management based on specific risk criteria; and
- performed testing over judgemental accounting estimates which could be susceptible to manipulation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

J. W. Wilkinson

James Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
17 May 2023

Tenet Group Limited

(Registration number: 03909395)
Consolidated Income Statement for the Year Ended 30 September 2022

	Note	2022 £000	2021 £000
Revenue	3	121,363	157,445
Cost of sales		(102,237)	(133,913)
Gross profit		**19,126**	**23,532**
Administrative expenses		(21,939)	(19,989)
Profit/(loss) before interest, tax, depreciation, amortisation and exceptional items		**(2,813)**	**3,543**
Exceptional income/(costs)	4	10,061	(22,588)
Depreciation and amortisation	5	(2,594)	(2,167)
Group operating profit/(loss)		**4,654**	**(21,212)**
Finance income		261	43
Finance costs		(47)	(138)
Net finance income/(costs)	6	**214**	(95)
Profit/(loss) before tax		**4,868**	**(21,307)**
Income tax charge	10	(80)	(323)
Profit/(loss) for the year		**4,788**	**(21,630)**

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 25 to 48 form an integral part of these financial statements.

Tenet Group Limited

(Registration number: 03909395)
Consolidated Statement of Financial Position as at 30 September 2022

Assets	Note	2022 £000	2021 restated £000	1 October 2020 restated £000
Non-current assets				
Property, plant and equipment	11	2,385	2,234	2,158
Intangible assets	12	12,494	13,714	19,313
Investments	13	24	47	47
		14,903	**15,995**	**21,518**
Current assets				
Trade and other receivables	14	18,702	21,197	26,178
Cash and cash equivalents	15	34,331	23,509	27,534
		53,033	**44,706**	**53,712**
Total assets		**67,936**	**60,701**	**75,230**
Liabilities				
Current liabilities				
Trade and other payables	16	(27,557)	(27,931)	(34,658)
Non-current liabilities				
Trade and other payables falling due after more than one year	16	(644)	(1,925)	(1,095)
Provisions for liabilities	17	(11,826)	(21,724)	(8,726)
Total liabilities		**(40,027)**	**(51,580)**	**(44,479)**
Net Assets		**27,909**	**9,121**	**30,751**
Equity				
Share capital	18	165	25	25
Share premium		51,774	37,914	37,914
Accumulated losses		(24,030)	(28,818)	(7.188)
Total equity		**27,909**	**9,121**	**30,751**

The notes on pages 25 to 48 form an integral part of these financial statements.

Approved by the Board on 17 May 2023 and signed on its behalf by:

H Ball
Director

Tenet Group Limited

(Registration number: 03909395)
Company Statement of Financial Position as at 30 September 2022

	Note	2022 £000	2021 restated £000	1 October 2020 restated restated £000
Assets				
Non-current assets				
Property, plant and equipment	11	2,385	2,234	2,158
Intangible assets	12	1,669	1,873	2,198
Investments in subsidiaries, joint ventures and associates	13	30,285	30,361	35,069
		34,339	**34,468**	**39,425**
Current assets				
Trade and other receivables	14	9,816	6,961	7,393
Cash and cash equivalents	155	176	286	43
		9,992	**7,247**	**7,346**
Total assets		**44,331**	**41,715**	**46,861**
Liabilities				
Current liabilities				
Trade and other payables	166	(13,971)	(10,899)	(11,902)
Non-current liabilities				
Trade and other payables falling due after more than one year	16	(451)	(432)	-
Total liabilities		**(14,422)**	**(11,331)**	**(11,902)**
Net Assets		**29,909**	**30,384**	**34,959**
Equity				
Share capital	18	165	25	25
Share premium		51,774	37,914	37,914
Accumulated losses		(22,030)	(7,555)	(2,980)
Total equity		**29,909**	**30,384**	**34,959**

The consolidated income statement includes a loss of £14.5m (2021: loss of £4.6m) 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 25 to 48 form an integral part of these financial statements.

Approved by the Board on 17 May 2023 and signed on its behalf by:

H Ball
Director

Tenet Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2022

	Share Capital £000	Share Premium £000	Accumulated Losses £000	Total equity £000
At 01 October 2021	25	37,914	(28,818)	9,121
Profit for the year	-	-	4,788	3,763
Total comprehensive income	-	-	3,763	3,763
Issue of Ordinary Share Capital	140	13,860	-	14,000
At 30 September 2022	**165**	**51,774**	**(24,030)**	**27,909**

	Share Capital £000	Share Premium £000	Accumulated Losses £000	Total equity £000
At 01 October 2020	25	37,914	(7,188)	30,751
Loss for the year	-	-	(21,630)	(21,630)
Total comprehensive expense	-	-	(21,630)	(21,630)
At 30 September 2021	**25**	**37,914**	**(28,818)**	**9,121**

The notes on pages 25 to 48 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Changes in Equity for the Year Ended 30 September 2022

	Share Capital £000	Share Premium £000	Accumulated Losses £000	Total equity £000
At 01 October 2021	25	37,914	(7,555)	30,384
Loss for the year	-	-	(14,475)	(14,475)
Total comprehensive expense	-	-	(14,475)	(14,475)
Issue of Ordinary Share Capital	140	13,860	-	14,000
At 30 September 2022	**165**	**51,774**	**(22,030)**	**29,909**

	Share Capital £000	Share Premium £000	Accumulated Losses £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**

The notes on pages 25 to 48 form an integral part of these financial statements.

Tenet Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Cash (outflows)/inflows from operations	19	(1,363)	2,095
Income tax paid		(152)	(11)
Net cash (outflows)/inflows from operating activities		(1,515)	2,084
Cash flows from investing activities			
Interest received	6	261	43
Acquisitions of property plant and equipment	11	(1,800)	(1,279)
Acquisition of intangible assets	12	(83)	(4,918)
Acquisition of subsidiary, net of cash acquired		-	74
Cash advances and loans made to other parties		(144)	(275)
Repayments of cash advances and loans		150	247
Net cash outflows from investing activities		(1,616)	(6,108)
Cash flows from financing activities			
Issue of Ordinary Share Capital		14,000	-
Interest paid	6	(47)	(1)
Net cash inflows/(outflows) from financing activities		13,953	(1)
Net increase/ (decrease) in cash and cash equivalents		10,822	(4,025)
Cash and cash equivalents at the beginning of the year		**23,509**	**27,534**
Cash and cash equivalents at the end of the year		**34,331**	**23,509**

The notes on pages 25 to 48 form an integral part of these financial statements.

Tenet Group Limited

Company Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Cash used in from operations	19	(11,070)	(9,302)
Income tax paid		-	-
Net cash outflows from operating activities		(11,070)	(9,302)
Cash flows from investing activities			
Interest received		-	-
Dividend received		-	-
Acquisitions of property, plant & equipment	11	(1,800)	(1,279)
Acquisition of intangible assets/ investments		-	-
Loans granted to subsidiary undertakings		(6,973)	(9,537)
Investment in subsidiary undertakings		(14,000)	-
Loan repayments from subsidiary undertakings		3,840	10,784
Net cash outflows from investing activities		(18,933)	(32)
Cash flows from financing activities			
Interest paid		(27)	(25)
Issue of Ordinary Share Capital		14,000	-
Proceeds from loan from subsidiary undertaking		19,640	18,797
Repayments of loan to subsidiary undertaking		(3,720)	(9,195)
Net cash inflows from investing activities		29,893	9,577
Net (decrease)/increase in cash and cash equivalents		(110)	243
Cash and cash equivalents at the beginning of the year		**286**	**43**
Cash and cash equivalents at the end of the year		**176**	**286**

The notes on pages 25 to 48 form an integral part of these financial statements.

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

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 UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 Auditors' 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.

Paragon Insurance Company (Guernsey) Limited currently prepare their accounts in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). From 1 January 2023 the Board have elected to prepare their accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

2. 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~~.

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

IFRS 17 Insurance Contracts

IFRS 17 is effective for annual periods beginning on or after 1 January 2023. The standard will replace IFRS 4, "Insurance Contracts", and may impact the way the Group measures and reports on the financial performance of insurance contacts.

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 2022. 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 as follows:

Asset class	Amortisation method and rate
Business Acquisitions	7 - 14 years
Computer Software	3 - 5 years

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	3 - 5 years
Leasehold improvements	5 - 10 years
Fixtures & fittings	5 years

Leases
Under IFRS 16 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 expected credit loss model (ECL), a credit event (or impairment trigger) no longer needs to occur before credit losses are recognised. The Company analysed the risk profile of trade receivables based on past experience and an analysis of the receivables current financial position, potential for a default event to occur, adjusted for specific factors, general economic conditions of the industry in which the receivables operate and assessment of both the current and forecast direction of conditions at the reporting date. A default event is considered to occur when information is obtained that indicates a receivable is unlikely to settle their liability with the Company.

The Group has taken the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financing component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Group's ECL calculations.

Credit risk is regularly reviewed by management to ensure the ECL model 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.

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

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 during the initial calculation of the income stream;

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

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 a provision needs to be recorded in respect of a new event a critical judgement exists over whether the amount of the obligation can be measured with "sufficient reliability"

The judgement is based on guidance provided in IAS37 which states:-

"A provision shall be recognised when:

(a) an entity has a present obligation (legal or constructive) as a result of a past event;

(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(c) a reliable estimate can be made of the amount of the obligation. If these conditions are not met, *no provision shall be recognised."*

The Group is unable to calculate a reliable estimate at this time and therefore no provision will be recorded, and instead will disclose the potential obligation as a contingent liability (Note 17)

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

Key sources of estimating uncertainty

Commission clawback
The Group have reviewed the treatment of commission clawback and have determined that this should be classed as variable consideration under IFRS15. Previously the clawback payable and receivable was included as a clawback provision within the consolidated accounts. These amounts will now be presented as a clawback receivable within other receivables and as clawback liability income.

This presentational change is material to the 2021 accounts therefore the 2021 Consolidated Statement of Financial Position (page 20) has been restated to show the impact that the adoption of IFRS15 in respect of variable consideration has on other receivables (Note 15), clawback liability (Note 17) and provisions (Note 18).

Variable consideration -clawback receivable.
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.

Variable consideration - clawback liability.
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 on 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.

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

Key sources of estimating uncertainty (continued)

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.

Run-off cover
The PII cover provided by Paragon insurers 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 £1.7m (2021: £2.5m). 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. The Impairment in the Group was £1.6m (2021: £10.3m).

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 5% extrapolated over a twenty year period. The Impairment in the Company was £14.1m (2021: £4.7m). During the year the company invested an additional £14m in Tenet Connect Limited and Tenet Connect Services Limited. These two activities resulted in the carrying amount of Company investments at the balance sheet date being £30.3m (2021: £30.4m).

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

Key sources of estimation uncertainty (continued)

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

4. Exceptional income/(costs)

The exceptional income/(costs) for the year were as follows:

	2022 £000	2021 £000
Provision for British Steel Pension Scheme s404 claims	11,650	(13,250)
Impairment of intangible assets	(285)	(10,306)
Impairment of investments	(23)	-
Other exceptional cost	(313)	-
Insurance recoveries for the British Steel Penson scheme s404 claims	(968)	968
	10,061	(22,588)

5. Group operating profit/(loss)

Calculated after the deduction of:

	2022 £000	2021 restated £000
Depreciation expense	1,074	835
Amortisation expense	1,519	1,332
	2,593	2,167

6. Finance income and costs

	2022 £000	2021 £000
Finance income		
Interest income on bank deposits	76	32
Other interest received	6	11
Change in deferred consideration estimate	179	-
Total finance income	261	43
Finance costs		
Interest payable and similar items	(31)	(1)
Change in deferred consideration estimate	-	(54)
Unwind of discount	(16)	(83)
Total finance costs	(47)	(138)
Net finance income/(costs)	214	(95)

7. Staff costs - Group

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

	2022 No.	2021 No.
Headcount – Administration	259	258
Headcount – Directors	8	8
	267	266

	2022 No.	2021 No.
FTE - Administration	251	242
FTE - Directors	8	8
	259	250

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

	2022 £000	2021 £000
Wages and salaries	12,167	11,501
Social security costs	1,319	1,215
Other pension costs	769	658
	14,255	13,374

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 £378k (2021: £513k).

Total remuneration of the Directors in respect of the Company during the year is detailed in Note 8. Additional emoluments paid to the Directors of the Company during the year were £nil (2021: £nil).

8. Directors' remuneration

The Directors' remuneration for the year was as follows:

	2022 £000	2021 £000
Remuneration	1,249	1,111
Contributions paid to money purchase schemes	69	61
	1,318	1,172

Company

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

	2022 No.	2021 No.
Headcount - Administration	259	258
Headcount - Directors	8	8
	267	266

	2022 No.	2021 No.
FTE - Administration	251	242
FTE - Directors	8	8
	259	250

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid Director:

	2022 £000	2021 £000
Remuneration	457	393

9. Auditors' remuneration

	2022 £000	2021 £000
Audit of these financial statements	13	13

	2022 £000	2021 £000
Audit of the Company's subsidiaries pursuant to legislation	232	247
Other assurance and corporation taxation services	32	28
	264	275

10. Income tax

Tax (credited)/charged in the income statement

	2022 £000	2021 £000
Current and deferred taxation		
UK corporation tax	418	(2)
Deferred tax	(338)	325
Total tax (credit)/charge	80	323

The tax on profit/(loss) before tax for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £000	2021 £000
Profit/(loss) before tax	4,868	(21,307)
Corporation tax at standard rate	925	(4,048)
Tax effects of;		
- Depreciation and disposal of assets subject to capital allowances	328	245
- Capital allowances	(387)	(396)
- Group companies exempt from taxation	316	(268)
- Brought forward losses utilised	(1,085)	(98)
- Group relief	(91)	-
- Amortisation not subject to income tax	123	121
- Impairment not subject to income tax	59	1,958
- Disallowable expenses	70	152
- Other timing differences	-	2,334
Prior year adjustments	10	(2)
Corporation Tax Paid	150	-
Deferred taxation movement – Change in rate	225	292
Deferred taxation movement – Change in estimate	(505)	33
Deferred taxation movement – Other adjustments	(58)	-
Total tax (credit)/charge	80	323

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 £1.7m (2021: liability of £2.0m) in relation to intangibles and a recognised deferred tax asset of £0.4m (2021: asset of £0.4m) in relation to capital allowances.

There is £2.3m un-provided deferred taxation at 30 September 2022 at the recognised deferred tax rate of 25% (2021: £0.7m at 19%), in relation to brought forward losses.

Tenet Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

11. Property, plant and equipment

Group and Company

	Leasehold Improvements £000	Fixtures & fittings £000	Assets under Construction £000	Computer Equipment £000	Right-of-use Assets £'000	Total £000
Cost or valuation						
At 01 October 2020	748	118	281	1,360	1,030	3,537
Additions	30	128	502	498	121	1,279
Transfer between categories	9	-	-	(9)	-	-
Disposals/ impairment	-	-	-	-	(1)	(1)
Transfer of completed assets	-	247	(617)	2	-	(368)
At 30 September 2021	**787**	**493**	**166**	**1,851**	**1,150**	**4,447**
At 01 October 2021	787	493	166	1,851	1,150	4,447
Additions	16	38	721	705	320	1,800
Adjustment	-	-	(78)	-	-	(78)
Disposals/ impairment	-	(9)	(43)	-	(25)	(77)
Transfer of completed assets	119	14	(642)	-	-	(509)
At 30 September 2022	**922**	**536**	**124**	**2,556**	**1,445**	**5,583**
Depreciation						
At 01 October 2020	482	68	-	600	229	1,379
Charge for year	79	56	-	458	242	835
Transfer between categories	9	-	-	(9)	-	-
Eliminated on disposal/ impairment	-	-	-	-	(1)	(1)
At 30 September 2021	**570**	**124**	**-**	**1,049**	**470**	**2,213**
At 01 October 2021	570	124	-	1,049	470	2,213
Charge for year	95	112	-	598	269	1,074
Eliminated on disposal/ impairment	-	(9)	-	(55)	(25)	(89)
At 30 September 2022	**665**	**227**	**-**	**1,592**	**714**	**3,198**
Carrying amount						
At 30 September 2022	**257**	**309**	**124**	**964**	**731**	**2,385**
At 30 September 2021 restated	**217**	**369**	**166**	**802**	**680**	**2,234**
At 30 September 2020 restated	**266**	**50**	**281**	**760**	**801**	**2,158**

Internally generated software which was previously presented within property, plant & equipment both in the company and the consolidated accounts, totalling £1,669k at 30 September 2022 is now correctly presented within Intangible assets. The comparatives have been restated for the reclassification, the impact as at 30 September 2021 is a decrease in the depreciation charge for the year of £693k with a corresponding increase in the amortisation charge and a decrease in the carrying amount of property plant and equipment of £1.9m (1 October 2020 £2.2m), with a corresponding increase to intangible assets.

12. Intangible assets

Group	Goodwill £000	Acquisition Costs £000	Internally Generated Software £000	Other Intangible Assets £000	Total £000
Cost or valuation					
At 01 October 2020	19,676	688	2,856	6,803	30,023
Adjustments to acquisitions within a 12 month period	81	-	-	-	81
Additions	758	-	-	4,832	5,590
Transfer of completed assets	-	-	368	-	368
Impairment	(10,306)	-	-	-	(10,306)
At 30 September 2021	**10,209**	**688**	**3,224**	**11,635**	**25,756**
At 01 October 2021	10,209	688	3,224	11,635	25,756
Transfer between categories	406	-	-	(406)	-
Additions	13	-	-	70	83
Transfer of completed assets	-	-	509	-	509
Impairment	-	-	-	(285)	(285)
At 30 September 2022	**10,628**	**688**	**3,733**	**11,014**	**26,063**
Amortisation					
At 01 October 2020	7,684	671	658	1,697	10,710
Amortisation charge	-	17	693	622	1,332
At 30 September 2021	**7,684**	**688**	**1,351**	**2,319**	**12,042**
At 01 October 2021	7,684	688	1,351	2,319	12,042
Transfer between categories	16	-	-	(16)	-
Amortisation charge	-	-	713	806	1,519
Other adjustments	-	-	-	8	8
At 30 September 2022	**7,700**	**688**	**2,064**	**3,117**	**13,569**
Carrying amount					
At 30 September 2022	**2,928**	**-**	**1,669**	**7,897**	**12,494**
At 30 September 2021 restated	**2,525**	**-**	**1,873**	**9,316**	**13,714**
At 30 September 2020 restated	**11,992**	**17**	**2,198**	**5,106**	**19,313**

The 30 September 2021 and 30 September 2020 Balance Sheets have been restated to correctly classify internally generated software as an Intangible asset. Please refer to Note 11 for the impact of this restatement.

13. Investments

Group subsidiaries

Details of the Group subsidiaries as at 30 September 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held	
			2022	2021
Tenet Limited	Holding Company	England and Wales	100%	100%
Astute Financial Advisers Limited	Provision of financial advice	England & 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%
Aspire Financial Management Limited	Dormant	England and Wales	100%	100%
Forth Financial Services Limited	Dormant	Scotland	100%	100%
Tenet Business Solutions Limited	Dormant	England and Wales	100%	100%
Tenet Client Services Limited	Dormant	England and Wales	100%	100%

13. Investments (continued)

All the holdings are ordinary shares.

For the year ending 30 September 2022 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Tenet Client Services Limited, company number 3307674;
Tenet Limited, company number 3865996;
Forth Financial Services Limited, company number SC376178;
Aspire Financial Management Limited, company number 07804624; 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, to the above mentioned subsidiaries, with respect to the financial year ending 30 September 2022.

The following dormant entities were dissolved in the year ended 30 September 2022:

Living In Retirement Limited, company number 3702615;
Elementum Limited, company number 3924988;
Derbyshire Booth Financial Management Limited, company number 4772990
Ask Financial Management Limited, company number 04552579; and
Flexcrest Limited, company number 04788794;

13. Investments (continued)

Fixed Asset Investments

	2022 £000	2021 £000
Investments in associates at the beginning of the year	47	47
Impairment	(23)	-
As at the end of the year	24	47

The Group's fixed asset investments brought forward comprise shares in the Sycamore V Property Development Fund LP. Following a review of the net assets of the underlying investment, the investment was impaired by £23k.

Summary of the Company investment

	2022 £000	2021 £000
Investments in subsidiaries, joint ventures and associates at the beginning of the year	30,361	35,069
Additions	14,000	-
Impairment	(14,076)	(4,708)
Disposals	-	-
As at the end of the year	30,285	30,361

The Company's investments brought forward of £30m relate to historical acquisition activity. Following the Company's annual impairment review these investments were impaired by £14.1m. This is due to the reorganisation of the business and changes in the operating model.

The addition of £14m is fresh B equity subscribed for by the existing shareholders who purchased £14m of additional capital in Tenet Limited. This was then passed down by way of investment to TenetConnect Limited and TenetConnect Services Limited where the British Steel Pension Scheme s404 provision is situated.

14. Trade and other receivables

Group

	2022 £000	2021 restated £000	2020 restated £000
Trade receivables	14,931	15,360	16,410
Less expected credit losses	(1,439)	(1,424)	(1,115)
Net trade receivables	13,492	13,936	15,295
Receivables from related parties	-	-	-
Prepayments	896	1,528	1,334
Other receivables	3,946	4,385	8,982
Contingent asset	-	968	-
Deferred tax asset	368	380	567
Total current trade and other receivables	18,702	21,197	26,178

The Contingent Asset held in 2021 represented the portion of future Insurance Recoveries which were considered "virtually certain" £968k. Development in claims means this looks unlikely to be required therefore the contingent asset has been reduced to £nil in 2022.

14. Trade and other receivables (continued)

IFRS 15 Variable Consideration

Other receivables include £3.7m of clawbacks receivable from appointed representatives. Commission receipts in certain group companies 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. The clawback receivable is stated after an expected credit loss provision of £0.1m.The impact of the adoption of IFRS15 on 2021 Other receivables in shown in the following table.

Other receivables	**2022 £000**	**2021 £000**	**2020 £000**
Other receivables	197	121	545
Clawback receivable	3,833	4,343	8508
Clawback ECL	(84)	(79)	(72)
	3,946	4,385	8,982

Included within the Group's trade receivable balance are debtors with a carrying amount of £1.7m (2021: £1.4m) which are past due at the reporting date. The carrying value of these receivables past-due by less than three months is £145k (2021: £23k), whilst £1.5m (2021: £1.3m) of the receivables are past-due by more than three months.

Movement in expected credit losses	**2022 £000**	**2021 £000**	**2020 £000**
Opening balance	1,424	1,115	941
Additional allowance provided for during the year	475	1,269	354
Amounts written off during the year	(155)	-	(11)
Amounts recovered during the year	(305)	(960)	(169)
Closing balance	1,439	1,424	1,115

Trade and other receivables

Company

	2022 £000	**2021 £000**
Trade receivables	(31)	444
Less expected credit losses	(5)	(51)
Net trade receivables	(36)	393
Receivables from related parties	7,939	4,532
Prepayments	1,252	1,450
Other receivables	293	231
Deferred tax asset	368	355
Total current trade and other receivables	9,816	6,961

Within the Company's trade receivables balance there are no amounts which are past due at the reporting date (2021: £nil).

15. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank	34,331	23,509	176	286

Included within cash at bank and in hand is £8.7m (2021: £11.6m) of short and medium-term fixed deposit investments and £2.1m (2021: £2.7m) restricted cash.

16. Trade and other payables

Group

	2022 £000	2021 £000	2020 £000
Trade payables	17,155	16,620	21,858
Accrued expenses	2,181	2,123	1,114
Clawback liability	4,134	4,703	9,229
Social security and other taxes	714	488	63
Deferred tax liability	1,711	2,049	1,085
Lease liability	281	269	284
Other payables	1,381	1,679	1,025
	27,557	27,931	34,568

IFRS 15 Variable Consideration

Clawback liability recognised under IRFS 15 is an estimate of indemnity commission which is likely to be clawed back in future periods. Commission receipts in certain group companies may be subsequently repaid should policies be cancelled after their sale.

Trade and other payables

Company

	2022 £000	2021 £000
Trade payables	687	509
Accrued expenses	1,832	1,904
Amounts due to related parties	10,689	7,774
Social security and other taxes	482	334
Lease liability	281	269
Other payables	-	109
	13,971	10,899

Trade and other payables due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Lease liability	451	432	451	432
Other payables	193	1,493	-	-
	644	1,925	451	432

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

17. Provisions for liabilities

Group – non- current liabilities

	Claims Payable Provision £000	Total £000
At 01 October 2020	8,726	9,518
Provision utilised	(453)	(5,127)
Provisions released	(3,932)	(4,214)
British Steel Pension Scheme s404 provision	13,250	13,250
Other provisions added	4,133	8,736
IFRS15 reclassification	-	(439)
At 01 October 2021	21,724	21,724
Provision utilised	(2,787)	(2,787)
Provisions released	(3,897)	(3,897)
British Steel Pension Scheme s404 provision	(11,650)	(11,650)
Other provisions added	8,436	8,436
At 30 September 2022	11,826	11,826

IFRS 15 Variable Consideration

The following table shows the restatement made to each of the balances affected which now form part of other receivables (Note 14) and clawback liability (Note 16).

	2021 £000	2020 £000
Clawback receivable	4,343	8,508
Clawback ECL	(79)	(72)
Trade and other receivables	4,264	8436
Clawback liability	(4,703)	(9,229)
Trade and other payables	(4,703)	(9,229)
Provisions	(439)	(793)

The provisions balance includes £2.2m (2021: £2.5m) 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.

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.

17. Provisions for liabilities (continued)

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 was £13.7m. This was discounted to give a net present value of £13.3m for inclusion in the 2021 accounts.

Since the original estimate was calculated more information has become available as claims are settled, and the details of expected claims become clearer. As a result of this management have revised their estimate of the potential redress payable and the Group's best estimate of the outflow arising from this redress is now £1.6m.

As a result the existing £13.3m British Steel Pension Scheme s404 provision recorded in the books of TenetConnect Limited and TenetConnect Services Limited needs to be reduced to a combined total provision of £1.6m at 30 September 2022.

Identified individual claims already being processed are recognised within the main complaints provision. These totalled £1.25m at 30 September 2022.

It is expected that redress payments will be made during quarter four of 2023.

Contingent Liability
In addition to the BSPS scheme redress discussed above, and in the context of on-going focus by the regulator of Defined Benefit pension transfers the Group are aware of a further population of transfers of concern that a former Appointed Representative of the Groups advised on in the period 2015 – 2017. These transfers related to enhanced transfer value arrangements and as such present a different challenge in determining any potential redress which may be applicable in the future. At the time of signing the accounts the Group in unable to quantify the potential loss, if any, which may pertain to this population.

18. Share Capital

Allotted, called up and fully paid shares

	2022 No.	2022 £	2021 No.	2021 £
'A' Ordinary Shares of £0.0001 each	15,215,669	1,522	15,215,669	1,522
'B' Ordinary Shares of £0.0001 each	1,632,097,345	163,210	232,097,345	23,210
	1,647,313,014	164,732	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.

19. Cash (outflows)/inflows from operations

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Profit/ (loss) before tax	4,868	(21,307)	(15,235)	(4,681)
Adjustments for;				
Depreciation	1,074	1,528	1,074	1,528
Amortisation	1,520	639	714	-
Impairment/ profit or loss on disposal of PPE and intangible assets	308	10,306	14,076	4,708
Loss on disposal of assets	-	-	64	-
Loss on disposal of subsidiary	7	-	-	-
Recharged income	-	-	(12,861)	(10,750)
Finance (income)/ cost – net	(214)	95	27	25
Changes in working capital:				
Trade and other receivables – decrease	2,483	649	565	341
Trade and other payables –(decrease)/ increase	(1,511)	(2,460)	506	(473)
Provisions –(decrease)/ increase	(9,898)	12,645	-	-
	(1,363)	2,095	(11,070)	(9,302)

20. *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 to meet operational and regulatory requirements.

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

20. Financial Instruments (continued)

Credit Risk

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

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

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

The balances due from trade customers are comprised of trade receivables and other debtors (see Note 2 and 14). The Group holds £nil of collateral over trade receivables (2021: £nil).

The maximum Group exposure to credit risk at the reporting date was £47.8m (2021: £37.4m). 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 £8.1m (2021: £5.2m). 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.

20. Financial Instruments (continued)

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

Financial Assets	2022 £000	2021 £000
Cash	34,331	23,509
Trade receivables net of provisions	13,492	13,936
	47,823	37,445

Financial Liabilities	2022 £000	2021 £000
Trade payables	17,155	16,620

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

Financial Assets	2022 £000	2021 £000
Cash	176	286
Trade receivables	(36)	393
Intercompany receivables	7,939	4,532
	8,079	5,211

Financial Liabilities	2022 £000	2021 £000
Trade payables	687	509
Intercompany payables	10,689	7,774
	11,376	8,283

21. 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

2022	Subsidiary £000
Management charges from Group companies	12,861
Cash receipts from Group companies	23,380
	36,241

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

Expenditure with and payables to related parties

2022	Subsidiary £000
Cash payments to Group companies	(14,616)

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

2022 Cash payments to Group companies includes transfer of £13m to Tenet Connect Limited and £1m to Tenet Connect Services Limited in respect of the share capital injection.

22. Events after the balance sheet date

In addition to the BSPS scheme redress, and in the context of on-going focus by the regulator of Defined Benefit pension transfers the Group are aware of a further population of transfers of concern that a former Appointed Representative of the Groups advised on in the period 2015 – 2017. These transfers related to enhanced transfer value arrangements and as such present a different challenge in determining any potential redress which may be applicable in the future. At the time of signing the accounts the Group in unable to quantify the potential loss, if any, which may pertain to this population.