

Registration number: 09111571

Tenet Mortgage Solutions Limited
Annual Report and Financial Statements
for the Year Ended 30 September 2021

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Tenet Mortgage Solutions Limited

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Tenet Mortgage Solutions Limited
Company Information

Directors

M W Scanlon
H M Ball
M K Tyler

Company secretary

R J Fletcher

Registered office

5 Lister Hill
Horsforth
Leeds
LS18 5AZ

Solicitors

Addleshaw Goddard LLP
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

Bankers

Lloyds Bank PLC
1 Lovell Park Road
Leeds
LS2 8DA

Auditors

Deloitte LLP
1 City Square
Leeds
LS1 2AL

Tenet Mortgage Solutions Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Review of the business

The directors present their annual report and the audited financial statements for the year ended 30 September 2021.

On 5 October 2020, the Company changed its name to Tenet Mortgage Solutions Limited from Maguire Financial Limited. On 18 December 2020, the Company acquired the trade and assets of Mortgage Excellence plc, a mortgage and protection financial advice firm servicing the police and armed forces. On 6 December 2021, the entire share capital of the Company was transferred to Tenet & You Limited, another Group company.

The Company's principal activity is the provision of financial advice in respect of and the distribution of regulated pension, insurance, investment and mortgage products as an appointed representative of TenetConnect Limited, another Group company. There have not been any significant changes in the Company's principal activities in the year under review.

As shown on the income statement the Company has generated a profit before taxation of £135k (2020 18 months: £41k). Revenue has increased to £2,000k (2020 18 months: £137k) because of the acquisition. The statement of financial position shows that the Company's net assets have increased by £135k to £145k (2020: £10k).

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

Note 2 includes details of key assumptions used in the preparation of the Company's financial statements. Note 3 details the critical accounting judgements and key sources of estimation used in preparing the financial statements. There have been no significant events since the balance sheet date. The directors are not aware, at the date of this report, of any other likely major changes in the Company's activities in the next year.

Principal risks and uncertainties

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

The business receives commission for the sale of financial products from life insurers and mortgage lenders. Some commission payments are received on an "indemnity" basis and may become repayable in the event that a policy is cancelled subsequent to its sale. Where such clawbacks of commission occur, the Company monitors such activity.

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

Tenet Mortgage Solutions Limited
Strategic Report for the Year Ended 30 September 2021

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

A handwritten signature, appearing to be 'M K Tyler', is enclosed within a hand-drawn oval.

M K Tyler
Director

Tenet Mortgage Solutions Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their annual report and the audited financial statements for the year ended 30 September 2021.

The entire share capital of Maguire Financial Limited was acquired by Aspire Financial Management Limited on 18 December 2019. The Company changed its year end date to 30 September 2020. On 5 October 2020 the Company changed its name to Tenet Mortgage Solutions Limited from Maguire Financial Limited.

Directors of the Company

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

H M Ball	(appointed 1 November 2020)
S J Broadley	(appointed 1 November 2020 and resigned 2 November 2021)
M W Scanlon	(appointed 1 November 2020)
S M Jones	(resigned 27 October 2020)
K J Craig	(resigned 30 July 2021)
M K Tyler	(appointed 22 September 2022)

Dividends

The directors do not recommend payment of a dividend (2020: £27,000).

Future developments and post balance sheet events

On 6 December 2021 the entire share capital was transferred to Tenet & You Limited, another Group Company. At the date of this report, the directors are not aware of any likely major changes in the Company's activities in the next year.

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.

Going concern

The Company holds large buffers for regulatory capital. This is monitored on a monthly basis. The Company's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in trading performance, show that the Company should be able to operate successfully. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully in the present challenging economic environment.

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

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

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 which the auditor is unaware.

Tenet Mortgage Solutions Limited

Directors' Report for the Year Ended 30 September 2021 (continued)

Appointment of auditor

The auditors Deloitte LLP have made the Company aware that they do not intend to continue in their role as auditors of the Company for the next financial year.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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



M K Tyler
Director

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tenet Mortgage Solutions Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Risk that revenue was not recognised in the correct accounting year. We tested the year-end pipeline receivable to post year-end receipt to ensure that the cut-off and inclusion in the pipeline receivable was correct with revenue recognised in the correct period.

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Other matter

As the Company was exempt from audit under section 476 of the Companies Act 2006 in the prior year, the corresponding amounts for that year are unaudited.

Use of our report

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



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

Tenet Mortgage Solutions Limited
Income Statement for the Year Ended 30 September 2021

		Year to 30 September 2021 £	Unaudited 18 months to 30 September 2020 £
	Note		
Turnover	2	1,999,777	137,429
Cost of sales		<u>(207,952)</u>	<u>(10,252)</u>
Gross profit		1,791,825	127,177
Administrative expenses		<u>(1,651,924)</u>	<u>(85,948)</u>
Operating profit	4	139,901	41,229
Finance costs	7	<u>(4,806)</u>	<u>(72)</u>
Profit before tax		135,095	41,157
Income tax charge	8	<u>-</u>	<u>(6,020)</u>
Profit for the year		<u>135,095</u>	<u>35,137</u>

All amounts relate to continuing operations. There was no recognised income and expenditure in the year other than the result for the year as shown above and consequently no statement of other comprehensive income has been presented.

The notes on pages 12 to 19 form an integral part of these financial statements.

Tenet Mortgage Solutions Limited
(Registration number: 09111571)
Statement of Financial Position as at 30 September 2021

	Note	2021 £	Unaudited 2020 £
Fixed assets			
Intangible assets	9	285,097	-
		<u>285,097</u>	<u>-</u>
Current assets			
Trade and other receivables	10	955,514	72,754
Trade and other payables	11	(775,214)	(62,997)
Net current assets		<u>180,300</u>	<u>9,757</u>
Total assets less: current liabilities		465,397	-
Non-current liabilities	12	(287,503)	-
Provisions for liabilities	13	(33,042)	-
Net assets		<u>144,852</u>	<u>9,757</u>
Equity			
Called up share capital	14	100	100
Retained earnings		<u>144,752</u>	<u>9,657</u>
Total equity		<u>144,852</u>	<u>9,757</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

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



M K Tyler
Director

Tenet Mortgage Solutions Limited

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

	Called up share capital £	Retained earnings £	Total £
At 1 October 2020	100	9,657	9,757
Profit for the year	-	135,095	135,095
Total comprehensive income	-	135,095	135,095
At 30 September 2021	100	144,752	144,852

	Called up share capital £	Retained earnings £	Total £
At 1 April 2019 (unaudited)	100	1,520	1,620
Profit for the period	-	35,137	35,137
Total comprehensive income	-	35,137	35,137
Dividends paid	-	(27,000)	(27,000)
At 30 September 2020 (unaudited)	100	9,657	9,757

The notes on pages 12 to 19 form an integral part of these financial statements.

Tenet Mortgage Solutions Limited

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

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

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

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

The financial statements have been prepared on the historic cost basis. The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

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

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

2. Accounting policies

Summary of significant accounting policies

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

New accounting standards

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

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

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

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

Tenet Mortgage Solutions Limited

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

2. Accounting policies (continued)

Revenue recognition

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

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

Initial fee income is recognised once the performance obligation has been met, which is the provision of financial advice. Renewal commissions are accounted for when received for those which have a servicing element. Fee income is recognised based on when the performance obligation is met and when there is likely to be no significant revenue reversal.

Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Goodwill

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

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

Intangible assets

Intangible assets are stated at cost net of amortisation. Amortisation is provided at rates calculated to write off the costs of each asset over its estimated useful economic life, of between 7-14 years on a straight-line basis.

Trade receivables

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

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

Tenet Mortgage Solutions Limited

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

2. Accounting policies (continued)

Trade payables

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

Pensions

The Company contributes to a defined contribution pension scheme administered by another Group company. The amount charged to the income statement relates to the contributions payable in the year. Differences arising between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

The two most significant provisions are:

Commission clawback

The Company makes 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. All commission amounts previously paid in respect of such cancelled policies are recharged in their entirety to the relevant Appointed Representatives. Where the collection of such receivables is doubtful, the Company makes an appropriate provision (see Note 13).

Claims payable

In the normal course of business the Company receives queries and complaints regarding the sale of regulated financial products. Where appropriate these are investigated in accordance with the Company's procedures. In some instances, compensation may be payable. Based upon the experience of the Company, an estimate of the total compensation which may become payable is calculated. These amounts, if they become payable, will usually be recovered from either Professional Indemnity insurers and/or the Appointed Representative responsible for giving the advice about which the complaint was made (see Note 10). Where the collection of such receivables is doubtful, the Company makes an appropriate provision. Further details are available in the significant judgement and estimates note.

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.

Tenet Mortgage Solutions Limited

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

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

The following are critical estimates that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Goodwill

To determine whether goodwill is impaired the 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 Company 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.

Commission clawback

All commission amounts previously paid by the Company 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 the Company. Where the collection of such receivables is doubtful, an appropriate provision is made. As such there is an uncertainty over the number of clawbacks received, and the amount recoverable from Appointed Representatives which require estimation.

Provision may be made 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, the Company receive queries and complaints regarding the sale of financial products and/or financial advice. Where appropriate these are investigated, 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. An estimate of total redress which may be payable is calculated based upon the assessment of the claim, legal advice and regulator correspondence. Given the nature and uniqueness of these claims, as well as influence from external parties, a level of uncertainty is evident in the amount of any payable redress. On top of this estimate, a proof in total model is prepared, based on historic information, factoring in the type and amounts of business written, claims received, settled and total settlement amounts. This is then sensitised if the claim rate and settlement rates were to change. The overall economic environment and state of the markets are used to determine if a higher claim or settlement rate should be factored in. This analysis, however, doesn't capture fraudulent activities by advisers who have not declared business written. In order to factor this in, based on historic experience of these rare events, an additional overlay has been included in the year.

These amounts, if they become payable, will usually be recovered from either Professional Indemnity insurers and/or the Appointed Representative and/or Financial Advisers responsible for giving the advice about which the complaint was made.

Tenet Mortgage Solutions Limited

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

4. Operating profit

Operating profit is arrived at after charging:

	Year to 30 September 2021 £	18 months to 30 September 2020 £
Amortisation expense	-	8,000
Depreciation/ impairment charge	-	145
Auditor's remuneration	19,827	-

5. Staff costs

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

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

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

	Year to 30 September 2021 £	18 months to 30 September 2020 £
Wages and salaries	1,290,830	8,211
Social security costs	122,451	-
Pension costs, defined contribution scheme	98,346	4,000
	1,511,627	12,211

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

	Year to 30 September 2021 No.	18 months to 30 September 2020 No.
Administration and support	30	-
Directors	5	3
	35	3

Tenet Mortgage Solutions Limited

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

6. Directors' remuneration

The fees or emoluments of all directors were paid by Tenet Group Limited.

Two (2020: two) of the directors are executives of the ultimate parent undertaking, Tenet Group Limited, and their remuneration is disclosed within Tenet Group Limited consolidated accounts. The remaining two (2020: one) directors are also directors of other group companies. During the year, these directors received total remuneration of £148,038 (2020: £103,824) and £13,869 (2020: £11,654) defined contribution pension benefit. No allocation between the services is made.

7. Finance costs

	Year to 30 September 2021 £	18 months to 30 September 2020 £
Unwind of discount	4,806	-
Interest paid	-	72
	<u>4,806</u>	<u>72</u>

8. Income tax

Tax charged in the income statement

	Year to 30 September 2021 £	18 months to 30 September 2020 £
Current taxation		
UK corporation tax	-	6,020

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

The differences are reconciled below:

	Year to 30 September 2021 £	18 months to 30 September 2020 £
Profit before tax	<u>135,095</u>	<u>41,157</u>
Corporation tax at standard rate	25,668	7,820
Adjustments for:		
- Depreciation and assets subject to capital allowances written off	3,610	(144)
- Group relief	(30,261)	(1,638)
- Expenses not deductible in determining tax	70	(18)
- Unwind of discount	<u>913</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>6,020</u>

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.

Tenet Mortgage Solutions Limited

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

9. Intangible assets

	Other intangible assets £	Total £
Cost or valuation		
At 1 October 2020	-	-
Acquisition	285,097	285,097
At 30 September 2021	285,097	285,097
Amortisation		
At 1 October 2020	-	-
At 30 September 2021	-	-
Carrying amount		
At 30 September 2021	285,097	285,097
At 31 September 2020	-	-

On 18 December 2020, the Company acquired the trade and assets of Mortgage Excellence Plc, a mortgage and protection financial advice firm servicing the police and armed forces. The Group paid £300k consideration for the assets all of which is contingent on how the acquisition performs over a two year period.

10. Trade and other receivables

	2021 £	2020 £
Trade receivables	705,803	35,472
Amounts due from related parties	249,711	37,197
Social security and other taxes	-	85
Total current trade and other receivables	955,514	72,754

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

11. Trade and other payables

	2021 £	2020 £
Trade payables	75,242	-
Amounts due to related parties	647,634	56,933
Taxation	29	6,064
Accrued expenses	45,986	-
Other creditors	6,323	-
	775,214	62,997

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

Tenet Mortgage Solutions Limited

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

12. Trade and other payables due after more than one year

	2021 £	2020 £
Other creditors	287,503	-

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

13. Provisions for liabilities

	Clawback £	Total £
At 01 October 2020	-	-
Provisions added	33,042	33,042
At 30 September 2021	33,042	33,042
Non-current liabilities	33,042	33,042

Commission clawback provision

The commission clawback provision relates to commission receipts subsequently repaid should policies be cancelled after their sale. All commissions previously paid in respect of such cancelled policies will usually be recovered from the relevant Appointed Representative (see Note 2). The directors re-assess the provision each year.

14. Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
1 A Ordinary Share of £1 each	100	100	100	100

15. Related party transactions

Summary of transactions with parent entities

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

16. Parent and ultimate parent undertaking

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

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

17. Events after the balance sheet date

On 6 December 2021 the entire share capital was transferred to Tenet & You Limited, another Group company.