

# **Amber River Group Limited (formerly Socium Group Holdings Limited)**

**Annual Report and Financial Statements  
for the year ended 31 December 2021**

**Registered Number: 11942058 (England & Wales)**



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## Company Information

### Directors

Mr M H Baines  
Mr S R Brunt  
Mr D R Cheeseman (appointed 1 September 2021)  
Ms M B McIntyre  
Mr C L Schrager Von Altishofen (appointed 20 April 2022)  
Mr D J B Shearer

### Company Number

11942058

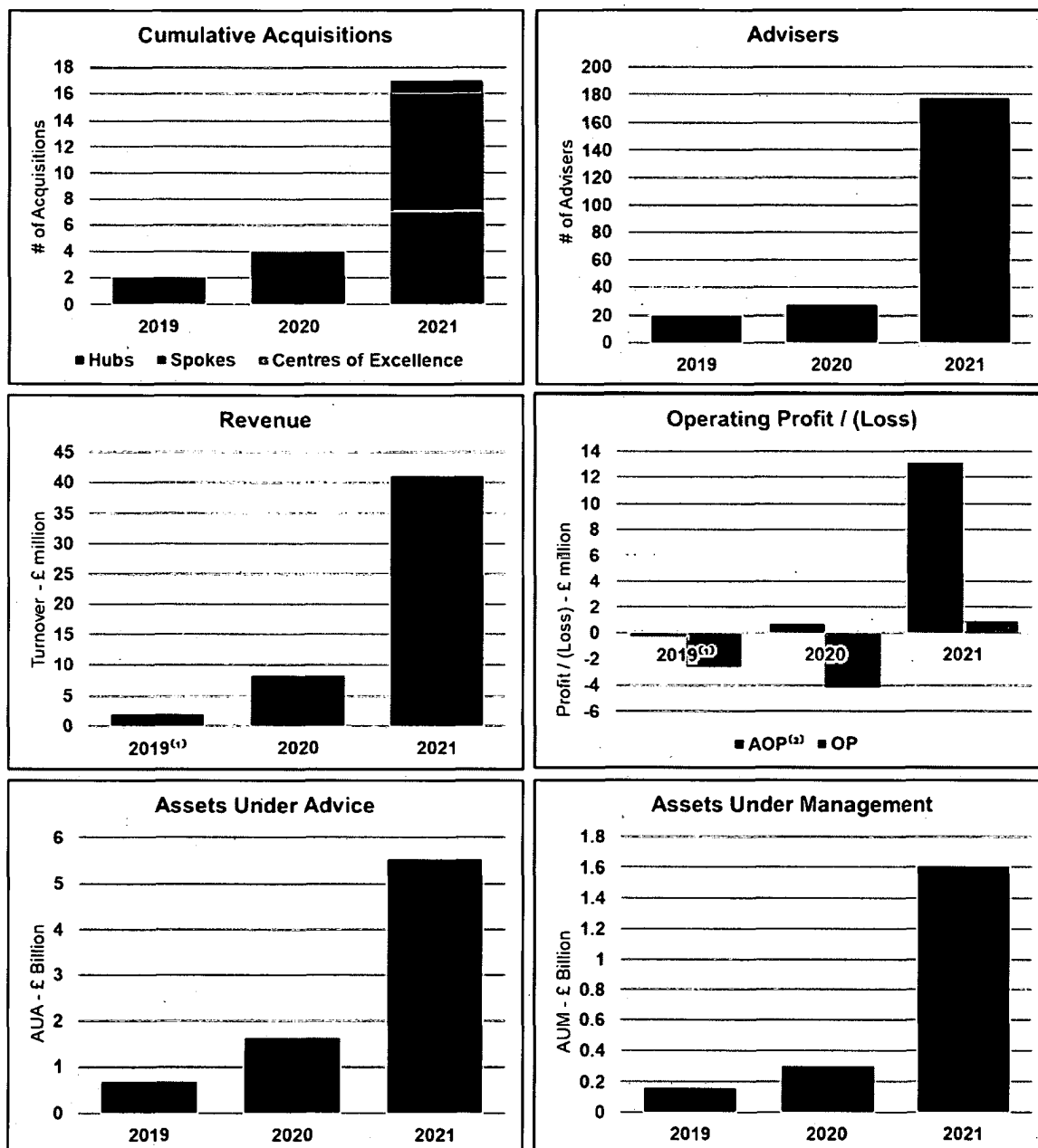
### Registered Office

Level 13  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

### Auditors

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

## Group Key Performance Indicator Trends



(1) 2019 performance is period from the start of trading on 6 June to 31 December.

(2) AOP is the Adjusting Operating Profit used by the Directors to assess performance as it provides a consistent measure of operating performance, see note 11 for reconciliation to Operating Profit.

## Strategic Report

This Strategic Report has been prepared for Amber River Group Limited ('the Company') and the Amber River Group ('the Group', Amber River Group Limited and its subsidiaries) as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiaries when viewed as a whole.

### Overview & Principal Activities

The Group was established with the objective of creating a national group of independent financial advice ('IFA') businesses focused upon delivering excellent client outcomes through the provision of financial planning and wealth management services. The Group is backed by Penta Capital LLP, a private equity house with extensive experience and strategic insight of the 'buy and build' business model.

In its first phase, the Group has sought to grow through acquisition by targeting established and successful IFA businesses that are seeking to grow but are looking for both capital and expertise in order to achieve this. With widespread acquisition opportunities available as consolidation in the sector is accelerated, support is provided to these 'hub' businesses to in turn acquire 'spoke' businesses to integrate into their existing operations. A key feature of the acquisition model is to ensure that the key individuals who manage the businesses that are acquired, continue to hold an equity stake in the business in which they are employed. The Group considers this to be a powerful tool in ensuring the culture is characterised by an owner driven philosophy and alignment of interests.

The Group's acquisition strategy is supplemented by key drivers of development and growth to co-build Group and hub value:

- **Organic growth** within strong local IFA businesses and entrepreneurial management teams
- **Consolidation and geographical spread** to develop a national footprint of excellent quality regional businesses, with no customer more than 50 miles from an adviser
- **Quality and efficiency** with a team of central experts in M&A, finance, compliance, and technology to support Hubs in their development and growth
- **Centres of excellence** to provide dedicated specialist distribution services to the hub businesses as well as being profit centres in their own right
- **Group Investment Proposition** enhancing the client proposition through risk diversification and the provision of cost-effective investment solutions leveraging the combined scale of the Group
- **Customer experience, marketing and digital** to enhance client service and advice delivery through a unique Life Landscaping proposition supported by National branding across all hubs

The nature of the model in providing financial and operational support for growth whilst leaving acquired hub businesses with autonomy to continue to run successfully, has driven the strong pipeline of opportunities that the Group has developed, leading to the successful recruitment of quality regional businesses that are focused on servicing clients face to face in their locality.

### Business Review

#### *Acquisition activity*

The robust and sustainable performance of the UK IFA sector throughout the COVID pandemic has resulted in a marked increase in the level of private equity interest, with 31 firms active in the sector today compared to 3 when the business launched back in 2019. Our early start combined with Penta Capital's deep understanding and success in implementing the 'buy and build' business model has enabled to us to establish both a strong base of quality regional IFA businesses on which to build, together with good national coverage. The early deployment of the model compared with competitor offerings has allowed the Group to build scale at more modest acquisition multiples than are now having to be offered in a more competitive market.

## Strategic Report (continued)

During 2022, the Group is expected to have in place the foundation hub platform on which to support the next phase of its growth. In line with this strategy, during the year to 31 December 2021 the Group completed on a further three hub acquisitions, to add to the four that it had acquired to date:

Company Acquired	Date	Location	% Acquired
Shipman Financial Planning Limited	29/01/21	Taunton, Somerset	80%
True Bearing Limited	01/03/21	Chorley, Lancashire	80%
Wealth Solutions (UK) Limited	01/03/21	Birmingham, West Midlands	80%

In addition to building out the hub estate, on 2 August 2021 the Group acquired an outright interest in London based Charles Cameron & Associates Limited, one of the UK's leading mortgage brokers. In addition to providing mortgage services to the staff of 230 corporate clients, the business acts as a centre of excellence in supporting the wider Group.

The Group's hubs act as regional growth engines, actively driving their own acquisition activity, supported by the Central M&A Team and Group funding. This activity resulted in the acquisition of nine spoke businesses in 2021. Details of these completed acquisitions can be found in Note 13.

### **Commercial developments**

The Group's business model is being built upon successful client focused regional IFA businesses run by strong entrepreneurial management teams who continue to have a material equity interest in the firms they have built, typically over many years. In partnering with Amber River, these businesses continue to run autonomously, whilst having access to the Central team who provide oversight and expertise across a range of operational areas, together with the provision of funding and implementation support for acquisitions.

With the first phase in establishing the foundation hub estate now coming to a conclusion, the Group has been creating the underpinning proposition, infrastructure and features that will enable the alignment of the Group during the next phase of growth. The most visible aspect of this was the rebranding of the business as Amber River in November 2021, the name, along with the attendant strapline of Life Landscaping, is considered to embody the lifelong support our financial planning advisers provide in guiding their clients through their lifelong financial journey. Our businesses have begun rebranding under the new name, work that will accelerate over 2022 and into 2023.

As we continue to unlock the growth potential in our hubs, we are working to support them on many levels, including propositionally, operationally, and financially.

At the end of 2021, the Group had combined Assets Under Advice ("AUA") of £5.5 billion (2020: £1.6 billion); this scale has provided the Group with the ability to leverage excellent rates in the market for the benefit of clients and the business through the launch of a Group Investment Proposition ("GIP") in October 2021. Unlike many acquisitive businesses, there is no mandate to use the GIP, it is there to supplement existing propositions, and available if it is suitable and in the interest of the client.

Whilst the core focus of the advice provided by the hub businesses is on financial planning embracing pension and investments there are other aspects of their businesses that are less well-developed including mortgage and protection advice. To this end, we are looking to establish a number of 'centres of excellence' that can provide a service in specialist areas across the Group together with cross-sale opportunities. Charles Cameron & Associates as a leading mortgage broker is our first centre of excellence.

## Strategic Report (continued)

The Group's Central team consists of functional experts with technical expertise across HR, investments, risks and compliance, legal and finance, who in addition to providing oversight are there to support the hub businesses as required. This provides the hubs with access to expert resource that may only be needed occasionally or may otherwise be prohibitively expensive to engage. During 2021 the Central team has grown from 10 to 22 with the recruitment of staff across compliance, marketing, finance, HR and technology. This additional resource has allowed the Group to accelerate the development of its integrated back-office solution which is being rolled out in 2022 and to develop its digital marketing capabilities.

### Financial performance

The easing of Covid-19 restrictions following the UK vaccine roll-out programme allowed a degree of predictability to return to working patterns, albeit based upon a hybrid way of working and increased reliance upon virtual meetings. On the back of this, combined with a rebound in markets, all our hub businesses performed strongly in 2021 with good levels of profitability, asset growth and client and staff retention.

The key metrics used in evaluating the performance of the Group include the following measures:

Key Performance Indicator	2021	2020
Number of acquisitions	17	4
Number of advisers	177	28
Revenue	£41.1m	£8.2m
Group adjusted operating profit (see note 11)	£13.1m	£0.7m
Operating profit/ (loss)	£0.9m	(£4.2m)
Assets under advice	£5.5bn	£1.6bn
Assets under management	£1.6bn	£0.3bn

The Group distinguishes between Group adjusted operating profit and Operating profit, with the former measure reflecting the performance of the business, excluding the cost of acquiring businesses in the form of due diligence costs and legal work, together with depreciation and amortisation primarily of the intangible assets acquired. The Group adjusted operating profit measure is considered to best reflect the ongoing sustainable performance of the businesses that have been purchased, independent of the basis of funding and the cost of the acquisitions that have been made.

With the contribution of a full year in 2021 from the two hub businesses acquired in September 2020, together with the reported performance from acquisitions made over the course of the year, reported revenue has grown to £41.1m (2020: £8.2m) and Adjusted Operating Profit to £13.1m (2020: £0.7m). The Group's Adjusted Operating Profit of £13.1m (2020: £0.7m) includes the head office costs of £3.9m (2020: £2.7m).

The following are key highlights of Group performance:

- The Group continues to make excellent progress with acquisitions, completing on a further three hub businesses, one centre of excellence and nine spokes in FY21 and securing a further four hubs and ten spokes up to the date of this report.
- There was an investment of £75.5m, of which £50.2m was paid as initial consideration with the remainder deferred based on achieving certain performance conditions, for the interest in the businesses acquired during 2021. This represented client relationships valued at £55.7m and goodwill on consolidation of £46.3m (as set out in note 12).
- Net assets of the Group increased to £114.7m (2020: £47.0m), with material movements in the Statement of Financial Position driven principally by the acquisition activity: Intangible assets increased to £153.9m (2020: £46.7m), Other financial liabilities relating to deferred consideration payments and settlement of put/call options increased to £67.4m (2020: £18.1m). This was funded by the issue of shares during the year generating proceeds of £93.8m (2020: £37.9m), see note 29.

## Strategic Report (Continued)

### *Fair value of Put & Call options*

A feature of the business model is the equity interest that management of the hubs retain in their businesses. Under the terms of the sale agreements, there is a put & call option which enables these minority interests to be acquired by the Group, triggered by an exit event. As the determination of the event that triggers the exercise of the put & call for these minority interests, is not wholly within the control of the Group board, under IFRS 9 we are required to provide for the expected liability arising on such an eventuality notwithstanding that the funding of these acquisitions would be expected to come from the ultimate sale proceeds, which we are unable to recognise. At the end of 2021, as a consequence of the increased size of the business together with strong market valuations, the fair value of the financial liability for the put & call options stands at £31.0m (2020: £7.4m) which includes a gain in the fair value charged charge to Other Losses in the Consolidated Statement of Comprehensive Income of £18.1m (2020: £0.3m).

### *Outlook*

The Group continues to be well-funded with an extensive pipeline of target acquisitions and good growth opportunities for the businesses acquired against a backdrop of a sector undergoing consolidation. The Group will support growth in the regional hub businesses as they each work toward the target of having in excess of £1 billion AUA. This support includes continuing to develop the infrastructure, governance, control environment and client service standards commensurate with a firm of this size within a nationally branded IFA group.

### *Going Concern*

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company has adequate resources to continue to trade for at least 12 months from the date of this report and as a consequence have continued to adopt the going concern basis of accounting in preparing the financial statements.

The assessment of the latest financial forecasts includes:

- Consideration of macro-economic trends in the context of the emerging of the Russia/ Ukraine conflict and sensitivity analysis to assess the impact of severe but plausible commercial and economic scenarios; and
- Current acquisition pipeline and varying scenarios based on the quantum and timing of deals completed.

The Company's ultimate parent company, Violet Topco Limited, has secured access to Investor funding of £61.0m (2020: £61.0m). Additionally, the Company's parent Daffodil Bidco Limited, has entered a Debt Financing Agreement with Ares Management Limited providing additional funding of £200m at the date of this report. As at the date of the signing of the financial statements, the undrawn funding has been validated at £65.1m (2020: £84.6m) and is considered sufficient to meet the expected funding requirement of the business in the next 12 months. Furthermore, Tosca Penta Socium Limited has provided assurances on its commitment to support the business through financial support of the Group's acquisition programme ensuring that the business maintains adequate solvency and liquidity levels to enable it to meet its obligations as they fall due.

### *Principal Risk and Uncertainties*

Violet Topco Limited is the ultimate parent company for the Group. Management record the ongoing identification of risk and mitigating controls through its risk register, which is considered and updated at the Board. Mitigating controls are structured to bring risks within the Board's agreed risk appetite.



## Strategic Report (Continued)

The Group is primarily exposed to the following risks:

### Market / performance risk

The Group derives much of its trading revenues from ongoing annual charges linked to the value of the assets that it manages on behalf of its clients. Changes in the value of these assets have a direct link to the amount of income that is received by the Group.

Central to the service provided to clients is the provision of ongoing advice to ensure that their portfolios are aligned to their attitude to risk and their investment goals. Asset allocation strategies adopted by the Group ensure that portfolios are sufficiently diversified to substantially mitigate the impact of market volatility commensurate with the risk profile chosen. The Group exercises robust investment governance through each hub board together with the Group Investment Committee tracking performance of the propositions offered within the businesses relative to benchmarks. The Group is also a strong advocate of cash flow planning to provide comfort to clients on the adequacy of their assets relative to needs in the light of market volatility.

The performance of client portfolios over the last two years in the light of the Covid-19 pandemic, geopolitical uncertainty, inflationary pressures and supply chain disruption has been more muted than volatility seen in headline market levels and supports the asset allocation strategies adopted providing comfort on the advice process that underpins the mitigation of this risk.

### Regulatory and compliance risk

The delivery of demonstrably suitable customer outcomes along with compliance with relevant laws and regulations continues to be a central focus for businesses providing regulated financial advice. The Group is aware of the regulatory and cost implications of lapses in process disciplines and from the inability to demonstrate suitable advice. As part of the acquisition process, the Group undertakes extensive regulatory due diligence covering sample case checks, reviews of the compliance regime and assessment of the governance culture of the target businesses. This work is undertaken by third party providers who are specialist in this field. An acquisition will not proceed unless the outcome of this work meets the requirements of the Company, with Board review of the due diligence findings on each transaction before board sanction to proceed is given. Post-acquisition management structures are then clearly set out to ensure that the ongoing governance and compliance oversight is maintained, this includes marking the hub against a maturity score to identify where support and improvement is required.

The Group Board regularly reviews its risk appetite with regard to the businesses it acquires and includes a very low tolerance for firms with Defined Benefit Transfers.

### Acquisition risk

The Group's model is based upon growth through acquisition of suitable IFA businesses that meet our selection criteria. There is a risk that through the acquisitions we are acquiring both advice liabilities that are outside our risk threshold and management who do not share our culture and standards.

All businesses that we engage with are pre-screened to ensure they meet our selection criteria before senior management within the Group engage in preliminary conversations with the target. These conversations allow a good understanding of the business, its management and the culture before heads of terms are entered into. The Group then undertake extensive due diligence covering regulatory, financial and legal workstreams using an in-house specialist team who co-ordinate external providers who perform the exercise. This work validates our understanding of the business before a transaction is finally concluded. In addition to this, our share purchase agreement provides an additional level of control in the unlikely event that an acquisition is significantly underperforming.

## Strategic Report (Continued)

### Integration risk

- ★ The level of acquisition activity combined particularly with the resource and experience in the hubs to integrate spoke acquisitions may result on the Group not deriving value from the businesses it acquires. Value can be lost through several causes including poor integration, a clash of operating styles, insufficiently skilled or experienced integration resource with the impact being felt through loss of advisers and clients together with increased costs and ultimately reputational damage, poor advice and regulatory sanction.

In mitigation of this risk, integration plans are prepared for all acquisitions that document the transition of the business into the Group or hub as appropriate. These plans then have nominated individuals responsible and are tracked regularly. The Group has a model hub template that it is working towards implementing for each of its hub acquisitions which provides a benchmark against which the implementations are being managed.

### Adviser recruitment and retention risk

The ongoing value of an acquisition is contingent upon the ongoing and long-term relationship of advisers with their clients. Loss of advisers potentially jeopardises this relationship and the ongoing income stream that it supports. The Group's model ensures that owners of the subsidiary businesses acquired by the Group, continue to hold a material equity stake in their business. This provides a clear incentive to manage the business and their advisers diligently and on a basis that secures their continued commitment to the business. The legal provisions connected with the payment of deferred consideration also provide an incentive to management in retaining and developing advisers.

Hubs acquired are also encouraged to share part of their retained equity amongst the key management and advisers within the business; this improves the alignment of interests and engenders increased loyalty.

### Liquidity and solvency risk

The business model of the Group is capital intensive and requires access to funding lines in order to secure acquisition of the future deals proposed. In addition, the Group and its subsidiaries are required to maintain adequate levels of regulatory solvency in line with the requirements of the Financial Conduct Authority.

The Group ensures it has good visibility on expected funding commitments for acquisitions that allows it to draw down funding as required to meet these obligations to the extent that they cannot be funded out of existing cash balances and cash flows. Regulatory solvency is tracked monthly for all businesses within the Group, this analysis is supplemented with ongoing financial projections to identify any potential squeeze on funding or liquidity so that corrective action can be taken.

## Strategic Report (Continued)

### Subsequent Events

The Group has acquired further businesses since 31 December 2021 and to the date of this report.

Company Acquired	Date	Location	% Acquired
Wildwood Wealth Management Limited	04/01/22	Horsham, West Sussex	100%
Monahans Financial Services Limited	05/01/22	Trowbridge, Wiltshire	100%
Hugh Davies Associates Limited	21/01/22	Cheltenham, Gloucestershire	80%
John Eames Limited	01/02/22	London	100%
White McMullan Barnes Limited	04/02/22	Belfast, Northern Ireland	100%
Moore Stephens Financial Services (N.I.) Limited	03/05/22	Coleraine, Northern Ireland	100%
Oakland Financial Management Limited	30/05/22	London	100%
Leodis Wealth Limited	29/06/22	Leeds, West Yorkshire	86%
DB Wood Limited	01/07/22	Newark-on-Trent, Nottinghamshire	80%
Johnston Financial Limited	18/07/22	Edinburgh, Scotland	80%
Johnston Finance Asset Management Limited	18/07/22	Edinburgh, Scotland	100%
C.H. Jeffries (Pensions & Financial Planning) Ltd	03/08/22	Cockermouth	100%
BRB Financial Horizons Limited	05/08/22	Stoke-on-Trent	100%
Bourne Taylor Neville Ltd	09/08/22	Henley-in-Arden	100%
Ian Rankin Limited	19/08/22	Altrincham, Cheshire	100%

Since 31 December 2021 and till the date of this report, the Group has issued share capital to its parent company Daffodil Bidco Limited generating total proceeds of £65.6m to fund these acquisitions.

No events have occurred between the balance sheet date and the date of this report, which have had an adjusting impact on the results and amounts disclosed in the financial statements. See note 33 for further details.

### Future Developments

The Group is expected to continue to grow through acquisition as it looks to complete its compliment of foundation hubs together with supporting existing hubs to acquire businesses, to this end it has developed a strong pipeline of future acquisitions. The Group will accelerate the alignment of the hub businesses acquired including rebranding as it looks to build out Amber River as a national IFA business.

The directors are not aware, as at the date of this report, of any likely major changes in the Group's activities in the next year.

Approved and authorised by the Board of Directors and signed on its behalf by:



**Ms M B McIntyre**  
Director  
6th September 2022

## **Directors' Report**

**For the year ended 31 December 2021**

The Directors submit their report for Amber River Group Limited ('the Company') and its subsidiaries (the "Group") together with the audited financial statements of the Group and Company for the year to 31 December 2021.

The review of the business and principal risks and uncertainties are included in the Strategic Report.

### **Results and Dividends**

The Group has reported a loss after taxation for the year to 31 December 2021 of £27,896,148 (2020: £4,837,810). No dividends were paid or proposed (2020: £nil)

### **Directors**

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

Mr M H Baines  
Mr S R Brunt  
Mr D R Cheeseman (appointed 1 September 2021)  
Ms M B McIntyre  
Mr C L Schrager Von Altshofen (appointed 20 April 2022)  
Mr D J B Shearer

### **Directors' Indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. Additional cover for the directors against personal financial exposure has been made under a directors' and officers' liability insurance policy.

### **Political Donations**

The Company made no political donations during the year (2020: £nil).

### **Statement as to Disclosure of Information to Auditor**

Each of the persons who are directors at the time when this Directors' Report is approved had confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That directors have taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

### **Future Developments and Events after the Balance Sheet Date**

Future developments and events after the balance sheet date have been disclosed in the Strategic Report.

## **Directors' Report**

**For the year ended 31 December 2021 (Continued)**

### **On Behalf of the Board**

This report was approved by the Board and signed on its behalf by:



**Ms M B McIntyre**

Director

6<sup>th</sup> September 2022

## **Statement of Directors Responsibilities**

**For the year ended to 31 December 2021**

The directors are responsible for preparing 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 applicable law and United Kingdom adopted international accounting standards. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

However, directors are also required to:

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

The directors are responsible for keeping proper accounting records that 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.

## **Independent auditor's report to the members of Amber River Group Report on the audit of the financial statements**

### **Opinion**

In our opinion:

- the financial statements of Amber River Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group and the parent company's affairs as at 31 December 2021 and of the group's loss and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Company Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statements of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

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

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

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

## **Independent auditor's report to the members of Amber River Group Limited Report on the audit of the financial statements (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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.

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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



## **Independent auditor's report to the members of Amber River Group Limited Report on the audit of the financial statements (continued)**

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulated subsidiaries operating licences and regulatory solvency requirements.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as valuations specialists 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 it is described below:

- risk that revenue was not recognised in the correct accounting year due to cut-off being inaccurate or that performance obligations had not been satisfied. We tested a sample of revenue recognised in the year to 31 December 2021 to third party documentation to ensure that it was appropriate to recognise the revenue.
- risk that deferred consideration is not valued appropriately: we tested the key assumptions used to determine the value of deferred consideration, including assessing forecast profits, to ensure that the fair value of deferred consideration was not mis-stated.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management 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 the tax authorities and the licensing authorities.

## **Independent auditor's report to the members of Amber River Group Limited Report on the audit of the financial statements (continued)**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Paul Cowley CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
6<sup>th</sup> September 2022

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Turnover	3	41,096,712	8,181,174
Cost of Sales		(4,228,776)	(328,971)
<b>Gross Profit</b>		<b>36,867,936</b>	<b>7,852,203</b>
Administrative expenses		(35,983,829)	(12,021,090)
<b>Operating Profit/(Loss)</b>	<b>4 &amp; 5</b>	<b>884,107</b>	<b>(4,168,887)</b>
Finance income	6	14,676	23,239
Gain on disposal of property and equipment		-	1,691
Other losses	7	(24,699,554)	(842,997)
Finance costs	8	(156,499)	(17,527)
<b>Loss before taxation</b>		<b>(23,957,270)</b>	<b>(5,004,481)</b>
Tax (charge)/ credit	10	(3,938,878)	166,671
<b>Loss for the year</b>		<b>(27,896,148)</b>	<b>(4,837,810)</b>
<b>Total Comprehensive Loss</b>		<b>(27,896,148)</b>	<b>(4,837,810)</b>
<b>Total Comprehensive (Loss)/Profit attributable to:</b>			
Owners of the Company		(30,210,851)	(5,337,216)
Non-controlling interests		2,314,703	499,406
		<b>(27,896,148)</b>	<b>(4,837,810)</b>

All activities are from continuing operations.

The notes on pages 27 to 64 form part of these financial statements.

## Company Statement of Comprehensive Income (continued)

For the year ended 31 December 2021

	Notes	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Turnover	3	-	-
Cost of Sales		-	-
<b>Gross Profit</b>		-	-
Administrative expenses		(8,760,382)	(6,441,840)
<b>Operating Loss</b>	4 & 5	<b>(8,760,382)</b>	<b>(6,441,840)</b>
Finance income	6	208,403	-
Other losses	7	(3,291,295)	(534,743)
Investment Income	9	-	8,600,000
<b>(Loss) / profit before taxation</b>		<b>(11,843,274)</b>	<b>1,623,418</b>
Tax credit	10	964,277	661,938
<b>(Loss) / profit for the year</b>		<b>(10,878,997)</b>	<b>2,285,356</b>
<b>Total Comprehensive (loss) / income</b>		<b>(10,878,997)</b>	<b>2,285,356</b>

All activities are from continuing operations.

The notes on pages 27 to 64 form part of these financial statements.

**Consolidated Statement of Financial Position as at 31 December 2021**

	Notes	2021 £	2020 £
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible assets	12	153,859,219	46,743,664
Property and equipment	14	655,087	279,914
Right-of-use assets	15	1,607,651	326,712
Deferred tax assets	17	731,711	252,851
		<b>156,853,668</b>	<b>47,603,141</b>
<b>Current assets</b>			
Trade and other receivables	18	18,659,234	5,276,252
Loan receivable	19	10,900,000	10,900,000
Cash and cash equivalents	20	23,102,674	7,588,563
		<b>52,661,908</b>	<b>23,764,815</b>
<b>Total assets</b>		<b>209,515,576</b>	<b>71,367,956</b>
<b>LIABILITIES</b>			
<b>Non-Current</b>			
Other financial liabilities	21	(51,046,805)	(13,043,362)
Lease liabilities	22	(1,374,833)	(185,759)
Provisions	23	(74,054)	(34,811)
Deferred tax liabilities	24	(17,727,058)	(4,297,569)
		<b>(70,222,750)</b>	<b>(17,561,501)</b>
<b>Current liabilities</b>			
Trade and other payables	25	(5,431,685)	(1,481,288)
Lease liabilities	22	(379,456)	(151,465)
Current tax liabilities		(2,485,151)	(161,435)
Other financial liabilities	21	(16,303,712)	(5,043,841)
		<b>(24,600,004)</b>	<b>(6,838,029)</b>
<b>Total liabilities</b>		<b>(94,822,754)</b>	<b>(24,399,530)</b>
<b>Net assets</b>		<b>114,692,822</b>	<b>46,968,426</b>
<b>EQUITY</b>			
Called-up share capital	29	144,801,030	50,967,750
Retained losses		(38,194,308)	(7,983,457)
<b>Shareholders' funds</b>		<b>106,606,722</b>	<b>42,984,293</b>
Non-controlling interests	32	8,086,100	3,984,133
<b>Total Equity</b>		<b>114,692,822</b>	<b>46,968,426</b>

The notes on pages 27 to 64 form part of these financial statements.

The financial statements for the Group were approved by the Board of Directors and authorised for issue on 6<sup>th</sup> September 2022 and signed on their behalf by:



**Mr S R Brunt**  
Director

**Company Statement of Financial Position as at 31 December 2021**

	Notes	2021 £	2020 £
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Shares in group undertakings	13	120,421,948	45,556,297
Property and equipment	14	16,263	19,794
Loans receivable	16	5,190,960	-
Deferred tax assets	17	726,432	251,392
		<b>126,355,603</b>	<b>45,827,483</b>
<b>Current assets</b>			
Trade and other receivables	18	16,526,124	4,570,370
Loans receivable	19	11,050,000	10,900,000
Cash and cash equivalents	20	5,821,194	4,494,744
		<b>33,397,318</b>	<b>19,965,114</b>
<b>Total assets</b>		<b>159,752,921</b>	<b>65,792,598</b>
<b>LIABILITIES</b>			
<b>Non-Current</b>			
Other financial liabilities	21	(8,041,701)	(5,685,515)
		<b>(8,041,701)</b>	<b>(5,685,515)</b>
<b>Current liabilities</b>			
Trade and other payables	25	(9,742,024)	(4,609,165)
Other financial liabilities	21	(8,560,836)	(5,043,841)
		<b>(18,302,860)</b>	<b>(9,653,006)</b>
<b>Total liabilities</b>		<b>(26,344,561)</b>	<b>(15,338,521)</b>
<b>Net assets</b>		<b>133,408,360</b>	<b>50,454,077</b>
<b>EQUITY</b>			
Called-up share capital	29	144,801,030	50,967,750
Retained losses		(11,392,670)	(513,673)
<b>Total Equity</b>		<b>133,408,360</b>	<b>50,454,077</b>

The notes on pages 27 to 64 form part of these financial statements.

The financial statements for the Company were approved by the Board of Directors and authorised for issue on 6<sup>th</sup> September 2022 and signed on their behalf by:



**Mr S R Brunt**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £	Retained losses £	Total shareholders' funds £	Non- controlling Interests £	Total equity £
At 1 January 2020	13,067,750	(2,646,241)	10,421,509	1,362,485	11,783,994
Shares issued in the year	37,900,000	-	37,900,000	-	37,900,000
Arising on acquisition of subsidiaries (Note 32)	-	-	-	6,920,000	6,920,000
Initial recognition of Put & Call options (Note 21)	-	-	-	(4,797,758)	(4,797,758)
Loss and total comprehensive loss for the year	-	(5,337,216)	(5,337,216)	499,406	(4,837,810)
<b>Balance at 31 December 2020</b>	<b>50,967,750</b>	<b>(7,983,457)</b>	<b>42,984,293</b>	<b>3,984,133</b>	<b>46,968,426</b>
Shares issued in the year	93,833,280	-	93,833,280	-	93,833,280
Arising on acquisition of subsidiaries (Note 32)	-	-	-	6,323,996	6,323,996
Initial recognition of Put & Call options (Note 21)	-	-	-	(4,536,732)	(4,536,732)
Loss and total comprehensive loss for the year	-	(30,210,851)	(30,210,851)	2,314,703	(27,896,148)
<b>Balance at 31 December 2021</b>	<b>144,801,030</b>	<b>(38,194,308)</b>	<b>106,606,722</b>	<b>8,086,100</b>	<b>114,692,822</b>

## Company Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £	Retained losses £	Total equity £
Balance at 1 January 2020	13,067,750	(2,799,029)	10,268,721
Shares issued in the year	37,900,000	-	37,900,000
Profit and total comprehensive loss for the year	-	2,285,356	2,285,356
<b>Balance at 31 December 2020</b>	<b>50,967,750</b>	<b>(513,673)</b>	<b>50,454,077</b>
Shares issued in the year	93,833,280	-	93,833,280
Loss and total comprehensive loss for the year	-	(10,878,997)	(10,878,997)
<b>Balance at 31 December 2021</b>	<b>144,801,030</b>	<b>(11,392,670)</b>	<b>133,408,360</b>



# Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Notes	1 January to 31 December 2021 £	1 January to 31 December 2020 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year		(27,896,148)	(4,837,810)
<i>Adjustments for:</i>			
Finance income	6	(14,676)	(23,239)
Finance costs	8	156,499	17,527
Income tax charge/ (credit)	10	3,938,878	(166,671)
Depreciation of property and equipment	14	291,386	75,773
Depreciation of right-of-use assets	15	369,969	61,072
Amortisation of intangible assets	12	4,615,000	852,121
Movements in provisions	23	39,243	(21,763)
Other losses	7	24,699,554	842,997
<b>Operating cash flows before movements in working capital</b>		<b>6,199,705</b>	<b>(3,199,993)</b>
Increase in trade and other receivables		(9,875,187)	(3,788,386)
(Decrease)/ increase in trade and other payables		1,181,403	501,987
<b>Cash used in operations</b>		<b>(2,494,079)</b>	<b>(6,486,392)</b>
Income taxes paid		(2,333,860)	(493,976)
<b>Net cash used in operating activities</b>		<b>(4,827,939)</b>	<b>(6,980,368)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6	14,676	12,186
Loan issued in the year	19	-	(10,900,000)
Purchases of property and equipment	14	(152,330)	(74,285)
Acquisition of subsidiaries	13	(40,627,712)	(15,155,500)
Client bank purchases		(6,191,426)	-
Deferred consideration paid	21	(7,834,854)	(471,125)
<b>Net cash used in investing activities</b>		<b>(54,791,646)</b>	<b>(26,588,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal of lease liabilities	30	(483,425)	(40,810)
Loan notes settled		(18,216,159)	-
Proceeds on issue of ordinary shares	29	93,833,280	37,900,000
<b>Net cash inflow from financing activities</b>		<b>75,133,696</b>	<b>37,859,190</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,514,111</b>	<b>4,290,098</b>
Cash and cash equivalents at the start of the year		7,588,563	3,298,465
<b>Cash and cash equivalents at the end of the year</b>		<b>23,102,674</b>	<b>7,588,563</b>

**Company Cash Flow Statement**

For the year ended 31 December 2021

	Notes	1 January to 31 December 2021 £	1 January to 31 December 2020 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/ profit for the year		(10,878,997)	2,285,356
Adjustments for:			
Finance income	6	(208,403)	-
Investment income	9	-	(8,600,000)
Income tax credit	10	(964,277)	(661,938)
Depreciation of property and equipment	14	10,032	7,318
Other losses	7	3,291,295	534,743
<b>Operating cash flows before movements in working capital</b>		<b>(8,750,350)</b>	<b>(6,434,521)</b>
Increase in trade and other receivables		(17,146,715)	(3,659,014)
Increase in trade and other payables		5,191,900	1,812,725
<b>Cash used in operations</b>		<b>(20,705,165)</b>	<b>(8,280,810)</b>
Income taxes recovered		489,237	118,404
<b>Net cash from operating activities</b>		<b>(20,215,928)</b>	<b>(8,162,406)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6	208,403	-
Dividends received	9	-	8,600,000
Loans Issued	19	(150,000)	(10,900,000)
Purchases of property and equipment	14	(6,501)	(20,605)
Investment in subsidiaries	13	(67,521,466)	(24,901,976)
Deferred consideration paid	21	(4,821,338)	(471,125)
<b>Net cash used in investing activities</b>		<b>(72,290,902)</b>	<b>(27,693,706)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash inflow from financing activities.		-	-
Proceeds on issue of ordinary shares	29	93,833,280	37,900,000
		<b>93,833,280</b>	<b>37,900,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,326,450</b>	<b>2,043,888</b>
Cash and cash equivalents at the start of the year		4,494,744	2,450,856
<b>Cash and cash equivalents at the end of the year</b>		<b>5,821,194</b>	<b>4,494,744</b>

## Notes to the Financial Statements

For the year ended 31 December 2021

### 1 Corporate Information

Amber River Group Limited (the 'Company') is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The registration number of the Company is 11942058 and its registered address is Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW. The nature of the Company's and Group's operations and its principal activities are set out in the Strategic Report on pages 5 to 11.

#### *Statement of compliance*

As permitted by Companies Act 2006, the Group has taken advantage of the S479A audit exemption under which the Company will guarantee all outstanding liabilities of each company listed in note 35 at 31 December 2021 until they are satisfied in full.

### 2 Accounting policies

#### 2.1 Basis of preparation

##### *Basis of accounting*

The Group and parent company financial statements have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006. The functional currency of the business is the pound sterling reflecting the economic environment in which the Group operates. The financial statements are presented in pounds sterling and rounded to the nearest whole pound.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

##### *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and its subsidiaries undertakings drawn up to 31 December 2021.

Subsidiaries are consolidated from the date of their acquisition, being the date upon which the Group obtains control, and continue to be consolidated until the date that control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used across the Group. The financial statements of the subsidiary undertakings are prepared for the same reporting period as the parent company.

Profit or loss and each component of comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All inter-company balances and transactions are eliminated in full upon consolidation.

Subsequent to acquisition, the carrying amount of non-controlling interests is the interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.1 Basis of preparation (continued)

#### *Business combinations*

Business combinations are accounted for under the purchase method in accordance with IFRS 3 Business Combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group and liabilities acquired by the Group. Acquisition related costs are expensed in the statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities are recognised in accordance with IAS 12 *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on the accounting classification of the contingent consideration. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in the income statement.

### 2.2 Revenue recognition

Turnover represents commissions and fee income in respect of the introduction of financial products to financial service companies, together with fees charged for advice given. The majority of turnover is provider facilitated and paid through the deduction from the investment or commission paid. Revenue is recognised in accordance with IFRS 15 five step recognition model. All revenue is specific to both client and product and separately identifiable. The terms of the transactions price and any initial and on-going fees payable are set out in the signed client agreement.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.2 Revenue recognition (continued)

Advice fees that relate to on-going client servicing contracts are typically a percentage of a client's investment value and is accrued monthly based on latest valuations. The receipt of cash from providers is generally one month in arrears and this can give rise to between the accrued value and the actual cash received. Any revision to the accrual are recognised in the period which the estimate is revised.

Income relating to new business product sales is determined to have no future performance or service obligations. In accordance with IFRS 15 five step model this revenue is recognised at the inception date when the policies are placed on risk with product providers.

### 2.3 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company has adequate resources to continue to trade for at least 12 months from the date of this report and as a consequence have continued to adopt the going concern basis of accounting in preparing the financial statements. Whilst the Group and Company have net liabilities and shareholders' deficit at the date of this report, this arises due to the recognition of the preference shares issued, which are repayable in 2026, as financial liabilities rather than equity.

The assessment of the latest financial forecasts includes:

- Consideration of macro-economic trends in the context of the emerging of the Russia/Ukraine conflict and sensitivity analysis to assess the impact of severe but plausible commercial and economic scenarios; and
- Current acquisition pipeline and varying scenarios based on the quantum and timing of deals completed.

The Company's ultimate parent company, Violet Topco Limited, has secured access to Investor funding of £61.0m. Additionally the Company's parent Daffodil Bidco Limited, has entered a Debt Financing Agreement with Ares Management Limited providing additional funding of £200m at the date of this report. As at the date of the signing of the financial statements, the undrawn funding has been validated at £65.1m and is considered sufficient to meet the expected funding requirement of the business in the next 12 months. Furthermore, Tosca Penta Socium Limited has provided assurances on its commitment to support the business through financial support of the Group's acquisition programme ensuring that the business maintains adequate solvency and liquidity levels to enable it to meet its obligations as they fall due.

### 2.4 Taxation

#### **Current tax**

Current income tax assets and liabilities for the current periods are measured as the amount expected to be recovered from or paid to the taxation authorities or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.4. Taxation (continued)

#### *Current tax (continued)*

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income. The taxation charge is based on the taxable result for the period. The taxable result for the period is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable.

#### *Deferred tax*

Deferred taxes are calculated according to balance sheet liability method, based on temporary timing differences between reported and tax values of assets and liabilities. 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. Deferred tax liabilities are not discounted. Deferred tax assets are recognised for all the temporary timing differences to the extent that it is probable that taxable profit will be available against which deductible temporary timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### 2.5 Goodwill

Goodwill arising on consolidation of subsidiary undertakings, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Goodwill is not amortised but is assessed annually for impairment and stated at cost less any accumulated impairment losses. An impairment loss is recognised whenever the carrying value of the asset exceeds its estimated recoverable amount.

### 2.6 Intangible Assets

#### *Acquired in a business combination*

Intangible assets arising on the acquisition of subsidiary undertakings and recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is regarded as their cost). The assets are capitalised and written off on a straight-line basis over their useful economic life, which has been estimated at 15 years.

### 2.7 Investment in subsidiaries

Investment in subsidiaries is measured at cost less provision for impairment. A subsidiary is an entity in which the Company has an interest of more than one-half of the voting rights or is otherwise able to demonstrate the power to exercise control over its operations. Investments in subsidiaries are recognised from the date at which control over their operations is transferred to the Company and will be derecognised at the date at which control ceases.

The cost of the investment in subsidiaries comprises the initial and deferred consideration less a discount to reflect the present value of the future obligation to meet the deferred consideration obligation. This discount is unwound over the period of the deferred consideration and recognised in the statement of comprehensive income and other comprehensive income as an interest expense.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.8 Property and Equipment

Property and equipment are recognised as an asset only if it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably.

An asset that qualifies for recognition is measured at its cost comprising the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial stated at cost less depreciation.

After recognition, all assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over the expected useful lives on the following basis:

Leasehold improvements	20% on the reducing balance
Computer and office equipment	15% to 33% on the reducing balance
Furniture, Fixtures and Fittings	15% to 33% on the reducing balance

### 2.9 Impairment of non-financial assets

Non-financial assets including intangible client relationships are held at cost less accumulated amortisation and impairment. Assets are assessed for impairment on an annual basis or whenever there is an indication that the asset may be impaired. The amortisation period and method is reviewed at each period end. Changes in the expected useful life or the elected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on non-financial assets is recognised in the statement of comprehensive income as an administrative expense.

### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily available, and which are subject to insignificant risk of changes in value and have an original maturity of three months or less at acquisition.

### 2.11 Financial instruments

#### *Financial assets carried at amortised cost*

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost comprise of trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.11 Financial instruments (continued)

#### *Impairment of financial assets*

The Group always recognises lifetime ECL (expected credit losses) for trade and other receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

#### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

#### *Financial liabilities carried at amortised cost*

Financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled, or expires.

### 2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is based at a variable interest rate applied to the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.13 Leases

#### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is included within Note 22.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.



## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.13 Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

### 2.14 Put and call options and non-controlling interests

The Group has entered into certain option contracts with non-controlling interest shareholders of the Group's subsidiaries over the equity of these subsidiary companies, which are granted at the date of acquiring control of the subsidiary. Exercising the option will allow the Company to repurchase the shareholding owned by the non-controlling interest at a specific point in the future at a particular price determined in accordance with the terms of the option agreement. The options can only be exercised, by a member of the Amber River Group Holdings Limited group or the non-controlling interests, in the event of an acquisition or listing of the parent Amber River Group Limited with the value of the options based upon the consideration realised by the ultimate parent's shareholders and the subsidiary undertaking's performance relative to the consolidated group.

In practice, the payments would be met out of the shareholders' consideration through a recapitalisation of the Group from this funding at the time of the exit event.

The shares under option are recognised as a financial liability at fair value. For the Group, the potential future cash payments to settle the options are initially recognised as a deduction to non-controlling interests at the time of entering into the option at fair value. Subsequent measurements in the fair value of the option are reassessed at each reporting date with the change in value recognised in the statement of comprehensive income.

### 2.15 Critical judgements in applying the Group's accounting policies and key sources of uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### Critical accounting judgements

##### *Intangible asset valuation*

The Group recognises intangible assets at the point of acquisition as part of the purchase price allocation exercise under IFRS 3, Business Combinations. The client relationship and attendant ongoing income stream typically represents the primary asset within the subsidiary companies that are acquired by the Group. The identification of these intangible assets is considered to be a critical judgment.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.15 Critical judgements in applying the Group's accounting policies and key sources of uncertainty (continued)

#### Key source of estimation uncertainty

The key estimates that have the most significant impact upon the financial statements include:

#### *Deferred consideration*

The fair value of deferred consideration relating to Group at 31 December 2021 of £36,376,216 (2020: £10,729,356) and Company at 31 December 2021 of £16,602,537 (2020: £10,729,356) (see note 21) is contingent upon the subsidiaries acquired meeting certain performance levels with a reduction from these levels resulting in a reduction in the level of the deferred consideration paid. The Group and Company reviews the anticipated level of performance to ensure that the carrying value of the deferred consideration is appropriate. A change in forecast performance of 10% would reduce the fair value of deferred consideration recognised by the Group by £1.4m (2020: £0.3m) and the fair value of deferred consideration recognised by the Company by £0.8m (2020: £0.3m).

#### *Amortisation periods*

Client relationships are amortised on a straight-line basis over 15 years, this has been established from a review of the client banks acquired taking into consideration the average age of clients and client attrition rates. A reduction in the amortisation period by five years would increase the amortisation charge by £3.0m (2020: £0.8m) per annum.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

#### *Goodwill impairment*

Goodwill is carried at cost and is considered to have an indefinite useful life. The carrying value of goodwill is reviewed annually for impairment with the recoverable amount determined on a value in use basis, or more frequently if there are indications that the carrying value may be impaired. The recoverable amount of goodwill is calculated based upon the present value of future cash flows expected from each acquisition. Forecast cashflows have been prepared for 3 years (2020: 5 years) with a long-term growth rate of 5% (2020: 5%) applied to year 3 and discounted at 14% (2020: 14%). On this basis the Directors have concluded that the goodwill is not impaired at 31 December 2021.

The Group has conducted sensitivity analyses of the impairment of each cash generating unit ('CGU'). The Directors believe that any reasonable possible change in assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount for either CGU.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 2.15 Critical judgements in applying the Group's accounting policies and key sources of uncertainty (continued)

#### *Put and Call options valuation*

The valuation of the Put/Call Option is driven by four key inputs:

- The exit multiple the Group could expect to attract, given the current scale and market conditions
- The expected date of an exit event (acquisition or listing)
- The performance of each subsidiary, relative to the consolidated group
- The option discount rate, used to determine present value

The Group has conducted sensitivity analysis of the key variables, a 2x increase in assumed EBITDA multiple would increase the liability by £5.5m (2020: £1.9m).

### 2.16 Adoption of new IFRS accounting standards

The following IFRS were adopted in the year but did not have a material impact on the Group:

Title	Subject
Amendments to IFRS 16	Covid-19 – Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

At the date of authorisation of these financial statements, there are a number of new or revised IFRSs that have been issued but are not yet effective. The directors do not expect the adoption of those standards will have a material impact on the financial statements of the Group in future periods.

Title	Subject	Effective Date (Accounting Periods beginning on or after)
Amendments to IFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Annual Improvements to IFRS Standards 2018-2020 (May 2020)	1 January 2022
Amendments to IFRS 3 (May 2020)	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 (May 2020)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 3 Turnover

All turnover arises from the Group's principal activity and is wholly attributable to the UK.

### 4 Operating Profit/(Loss)

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Depreciation of property and equipment (Note 14)	291,386	75,773
Depreciation of right-of-use assets (Note 15)	369,969	61,072
Amortisation of intangible fixed assets (Note 12)	4,615,000	852,121
<b>The analysis of the auditor's remuneration is as follows:</b>		
Fees payable for the audit of the annual statements	66,250	30,000
Audit of the Company's subsidiaries	217,500	62,250
<b>Total audit fees</b>	<b>283,750</b>	<b>92,250</b>
Tax compliance services	45,000	31,200
Other non-audit services	19,080	-
<b>Total non-audit fees</b>	<b>64,080</b>	<b>31,200</b>

Other non-audit services for the year ended 31 December 2021 relates to Interim Profit Verification.

### 5 Employees and Directors

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Wages and salaries	13,787,428	5,336,135
Social security costs	1,793,036	611,200
Other pension costs	977,469	436,672
	<b>16,557,933</b>	<b>6,382,007</b>

The average number of employees during the year was as follows:

	1 January to 31 December 2021	1 January to 31 December 2020
Directors	5	4
Hub management	25	10
Advisers	97	28
Administration	205	55
	<b>332</b>	<b>97</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 5 Employees and Directors (continued)

Company	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Wages and salaries	1,964,687	1,166,040
Social security costs	252,570	159,901
Other pension costs	81,711	42,735
	<b>2,298,968</b>	<b>1,365,677</b>

The average number of employees during the year was as follows:

	1 January to 31 December 2021	1 January to 31 December 2020
Directors	5	4
Administration	19	7
	<b>24</b>	<b>11</b>

Group and Company	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Directors' remuneration	718,333	557,604
	<b>718,333</b>	<b>557,604</b>

The amount paid in respect of the highest paid director was £325,000 (2020: £251,563). No pension contributions were made.

### 6 Finance income

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Bank interest	13,976	3,397
Other finance income	700	11,053
Interest from investments	-	8,789
	<b>14,676</b>	<b>23,239</b>

Company	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Bank interest	20	-
Other finance income	703	-
Interest receivable on Loan Notes (note 16)	207,680	-
	<b>208,403</b>	<b>-</b>

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**7 Other losses**

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Discounts unwind on deferred considerations (note 21)	5,484,895	669,680
Discounts unwind on put and call options (note 21)	1,007,070	-
Fair value losses on put and call options (note 21)	18,072,652	308,254
Fair value (losses)/ gains on deferred considerations (note 21)	134,937	(134,937)
	<b>24,699,554</b>	<b>842,997</b>
 Company	 1 January to 31 December 2021 £	 1 January to 31 December 2020 £
Discounts unwind on deferred considerations (note 21)	3,156,358	669,680
Fair value (losses)/ gains on deferred considerations (note 21)	134,937	(134,937)
	<b>3,291,295</b>	<b>534,743</b>

**8 Finance costs**

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Interest on lease liabilities	149,265	5,915
Other interest charges	7,234	11,612
	<b>156,499</b>	<b>17,527</b>

**9 Investment income**

Company	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Dividend Income	-	8,600,000
	<b>-</b>	<b>8,600,000</b>

During the year, the Company received dividend income of £nil (2020: £8.6m)

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 10 Taxation

Group	1 January to 31 December 2021 £	1 January to 31 December 2020 £
Current tax charge	(2,032,191)	-
Current tax prior period adjustment	(379,737)	69,970
Deferred tax credit relating to origination and reversal of temporary differences (see notes 17 & 24)	833,078	-
Effects of change in tax rates	(2,743,553)	-
Deferred tax credit arising on losses (see notes 17 & 24)	-	315,866
Deferred tax prior period adjustment (see notes 17 & 24)	383,525	(219,165)
<b>Total tax (charge)/credit</b>	<b>(3,938,878)</b>	<b>166,671</b>
<b>Company</b>	<b>1 January to 31 December 2021 £</b>	<b>1 January to 31 December 2020 £</b>
Current tax charge	861,838	611,341
Current tax prior period adjustment	(372,600)	116,452
Deferred tax credit relating to origination and reversal of Temporary difference	72,929	-
Deferred tax credit arising on losses	-	145,403
Deferred tax prior period adjustment	402,110	(211,258)
<b>Total tax credit</b>	<b>964,277</b>	<b>661,938</b>

The tax rate used for the reconciliation is the corporate tax rate of 19.0% payable by the Group and Company in the UK on taxable profits under UK tax law.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**10 Taxation (continued)**

The tax credit for the year can be reconciled to the loss for the period as follows

<b>Group</b>	<b>1 January to 31 December 2021 £</b>	<b>1 January to 31 December 2020 £</b>
Loss before taxation	(23,957,270)	(5,004,481)
Tax at the UK corporation tax rate of 19.0%	<b>4,551,881</b>	<b>950,851</b>
Effect of expenses that are not tax deductible	(2,224,097)	(639,052)
Effects of income that is not tax deductible	(3,443,120)	-
Effects of different tax rates in other jurisdiction	44,420	-
Fixed asset timing differences	(883,344)	4,068
Deferred tax charge	(1,983,404)	-
Prior period adjustment	3,786	(149,196)
<b>Total tax (charge)/credit</b>	<b>(3,938,878)</b>	<b>166,671</b>
<b>Company</b>	<b>1 January to 31 December 2021 £</b>	<b>1 January to 31 December 2020 £</b>
(Loss)/ profit before taxation	(11,843,274)	1,623,418
Tax at the UK corporation tax rate of 19.0%	<b>2,250,222</b>	<b>(308,449)</b>
Effect of expenses that are not tax deductible	(1,313,858)	(569,338)
Non-taxable dividends received	-	1,634,000
Fixed asset differences	(1,597)	532
Prior period adjustment	29,510	(94,806)
<b>Total tax credit</b>	<b>964,277</b>	<b>661,938</b>

**11 Alternative performance measures**

Financial measures used in this annual report and financial statements that are not defined by IFRS are alternative performance measures ("APM's"). The Group uses such measures for performance analysis because in the view of the Directors they provide additional useful information on the performance of the Group. As the Group defines its own APM's, these might not be directly comparable with other companies' APM's. These measures are not intended to be a substitute for, or superior to, IFRS measurements. Adjusted operating profit, as calculated below, is used by the Directors to assess performance as it provides a consistent measure of operating performance.

<b>Group</b>	<b>1 January to 31 December 2021 £</b>	<b>1 January to 31 December 2020 £</b>
<b>Operating profit/ (loss)</b>	<b>884,107</b>	<b>(4,168,887)</b>
Setup costs	-	22,527
Acquisition costs	3,996,042	2,621,200
Development costs	762,520	-
Depreciation and amortisation	5,374,827	988,965
Acquisition related remuneration costs	2,044,243	1,196,914
<b>Adjusted operating profit</b>	<b>13,061,739</b>	<b>660,719</b>



**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**11 Alternative performance measures (continued)**

Acquisition costs include the due diligence, legal and broker fees associated with the deals completed and not proceeded. Acquisition related remuneration costs relate to Hub acquisitions and have not been treated as consideration transferred in a business combination due to contingent bad leaver provisions in place within the Sale and Purchase Agreements.

**12 Intangible assets**

Group	Goodwill	Client Relationships	Total
	£	£	£
<b>Cost</b>			
At 1 January 2020	4,920,120	9,166,000	14,086,120
Acquisitions of subsidiaries	19,212,825	14,451,701	33,664,526
<b>At 31 December 2020</b>	<b>24,132,945</b>	<b>23,617,701</b>	<b>47,750,646</b>
Acquisitions of subsidiaries	46,316,767	55,716,954	102,033,721
Additions	-	9,727,712	9,727,712
<b>At 31 December 2021</b>	<b>70,449,712</b>	<b>89,062,367</b>	<b>159,512,079</b>
<b>Amortisation</b>			
At 1 January 2020	-	(185,739)	(185,739)
Amortisation charge	-	(852,121)	(852,121)
<b>At 31 December 2020</b>	<b>-</b>	<b>(1,037,860)</b>	<b>(1,037,860)</b>
Amortisation charge	-	(4,615,000)	(4,615,000)
<b>At 31 December 2021</b>	<b>-</b>	<b>(5,652,860)</b>	<b>(5,652,860)</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>70,449,712</b>	<b>83,409,507</b>	<b>153,859,219</b>
<b>At 31 December 2020</b>	<b>24,163,823</b>	<b>22,579,841</b>	<b>46,743,664</b>

Goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU). The carrying value has been allocated as follows:

Goodwill	£
At 1 January 2020	4,920,120
Acquisition of Chancery Financial Planning LLP	3,961,233
Acquisition of Premier Financial Management Limited	15,251,592
<b>At 31 December 2020</b>	<b>24,132,945</b>
Acquisition of Orwells Limited	1,339,651
Acquisition of Shipman Limited	1,711,442
Acquisition of Shipman Investments Management Limited	1,398,265
Acquisition of True Bearing Limited	4,053,274
Acquisition of Pennine Wealth Solutions LLP	949,497
Acquisition of Wealth Solutions Limited	6,679,593
Acquisition of Cathedral Limited	2,323,102
Acquisition of Unity Limited	403,078
Acquisition of Charles Cameron & Associates Limited	22,831,023
Acquisition of Scrutton Bland Financial Services Limited	4,627,842
<b>At 31 December 2021</b>	<b>70,449,712</b>

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**12 Intangible assets (continued)**

Goodwill is carried at cost and is considered to have an indefinite useful life. The carrying value of goodwill is reviewed annually for impairment with the recoverable amount determined on a value in use basis, or more frequently if there are indications that the carrying value may be impaired. The recoverable amount of goodwill is calculated based upon the present value of future cash flows expected from each acquisition. Forecast cashflows have been prepared for 3 years (2020: 5 years) with a long-term growth rate of 5% (2020: 5%) applied to year 3 and discounted at 14% (2020: 14%). On this basis the Directors have concluded that the goodwill is not impaired at 31 December 2021.

The Group has conducted sensitivity analyses of the impairment of each cash generating unit ('CGU'). The Directors believe that any reasonable possible change in assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount for either CGU.

The value of client relationships is established under IFRS 3 Business Combinations during the acquisition of subsidiary undertakings. Details of the valuation are given in Note 13.

**13 Shares in group undertakings**

<b>Company</b>	<b>£</b>
At 1 January 2020	11,347,746
Acquisitions of subsidiaries	34,208,551
<b>At 31 December 2020</b>	<b>45,556,297</b>
Acquisitions of subsidiaries	74,865,651
<b>At 31 December 2021</b>	<b>120,421,948</b>

The Company and the Group have investments in the following subsidiary undertakings:

<b>Name of undertaking</b>	<b>Year</b>	<b>Registered office</b>	<b>Immediate parent company</b>	<b>Nature of Business</b>	<b>% held Direct</b>	<b>% held Indirect</b>
Johnston Campbell Holdings Limited	2019	8 Cromac Place, Belfast BT7 2JB	Amber River Group Limited	Intermediate holding co.	80%	
Johnston Campbell Limited	2019	8 Cromac Place, Belfast BT7 2JB	Johnston Campbell Holdings Limited	Independent financial advice		80%
Emery (IFA) Limited	2019	5 Kings Court, Newcomen Way, Colchester, Essex CO4 9RA	Amber River Group Limited	Independent financial advice	80%	
Chancery Financial Planning Holding Limited	2020	Broadgate Tower, 20, Primrose Street, London, England, EC2A 2EW	Amber River Group Limited	Intermediate holding co.	80%	
Chancery Financial Planning LLP	2020	First Floor Mitre House, 44-46 Fleet Street, London, England, EC4Y 1BP	Chancery Financial Planning Holdings Limited	Independent financial advice		80%
Premier Financial Management Limited	2020	Swan House, Liston Road, Marlow, Buckinghamshire, SL7 1DP	Amber River Group Limited	Independent financial advice	80%	

**Amber River Group Limited (formerly Socium Group Holdings Limited)**

<b>Name of undertaking</b>	<b>Year</b>	<b>Registered office</b>	<b>Immediate parent company</b>	<b>Nature of Business</b>	<b>% held Direct</b>	<b>% held Indirect</b>
Amber River Limited	2021	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Group Limited	Intermediate holding co.	100%	
DMWSL 946 Limited	2021	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Group Limited	Intermediate holding co.	100%	
Orwell Securities (Ipswich) Limited	2021	3 <sup>rd</sup> Floor, Fitzroy House, IP1 3LG	Emery (IFA) Limited	Independent financial advice		80%
Shipman Group Holdings	2021	Michael House, Castle Street, Exeter, Devon, EX4 3LQ	Amber River Group Limited	Intermediate holding co.	80%	
Shipman Group Limited	2021	Michael House, Castle Street, Exeter, Devon, EX4 3LQ	Shipman Group Holdings Limited	Intermediate holding co.		80%
Shipman Holdings Limited	2021	Michael House, Castle Street, Exeter, Devon, EX4 3LQ	Shipman Group Limited	Intermediate holding co.		80%
Shipman Financial Planning Limited	2021	Ground Floor Eagle House, 1 Babbage Way, EX5 2FN	Shipman Holdings Limited	Intermediate holding co. and Life insurance advice		80%
BKD Wealth Management Limited	2021	Ground Floor Eagle House, 1 Babbage Way, EX5 2FN	Shipman Financial Planning Limited	Insurance agents and brokers		80%
MWFS Limited	2021	Ground Floor Eagle House, 1 Babbage Way, EX5 2FN	Shipman Financial Planning Limited	Independent financial advice		80%
Shipman Investment Managers Limited	2021	1 <sup>st</sup> Floor, Tudor House, GY1 1DB	Amber River Limited	Investment management		100%
Wealth Solutions Holdings Limited	2021	15 Frederick Road, Edgbaston, B15 1JD	Amber River Group Limited	Intermediate holding co.	80%	
Wealth Solutions (UK) Limited	2021	15 Frederick Road, Edgbaston, B15 1JD	Wealth Solutions Holdings Limited	Independent financial advice		80%
Kingsley Wealth Solutions Limited	2021	15 Frederick Road, Edgbaston, B15 1JD	Wealth Solutions (UK) Limited	Independent financial advice		80%
True Bearing Limited	2021	Second Floor, Assurance House Chorley Business & Technology Centre, PR7 6TE	Amber River Group Limited	Independent financial advice	80%	
True Bearing (North West) Limited	2021	Second Floor, Assurance House Chorley Business & Technology Centre, PR7 6TE	True Bearing Limited	Independent financial advice		80%
Pennine Wealth Solutions LLP	2021	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Limited	Independent financial advice	100%	

**Amber River Group Limited (formerly Socium Group Holdings Limited)**

<b>Name of undertaking</b>	<b>Year</b>	<b>Registered office</b>	<b>Immediate parent company</b>	<b>Nature of Business</b>	<b>% held Direct</b>	<b>% held Indirect</b>
Cathedral Financial Management Limited	2021	Eagle House, 1 Babbage Way, EX5 2FN	Shipman Group Holdings Limited	Independent financial advice		80%
DMA Financial Planning Limited	2021	Eagle House, 1 Babbage Way, EX5 2FN	Cathedral Financial Management Limited	Independent financial advice		80%
Whichers IFA Limited	2021	152 Brighton Road, CR5 2YQ	Shipman Group Holdings Limited	Independent financial advice		80%
ERD (Financial Solutions) Limited	2021	15 Frederick Road, Edgbaston, B15 1JD	Wealth Solutions Holdings Limited	Insurance agents and brokers		80%
Unity Financial Planning Limited	2021	Space At Hoo Farm, Edwin Avenue, Hoo Farm Ind. Est, DY11 7SZ	Wealth Solutions Holdings Limited	Independent financial advice		80%
Barr and Law Limited	2021	8 Cromac Place, BT7 2JB	Johnston Campbell Holdings Limited	Intermediate holding co.		80%
CC Topco Limited	2021	Blackfriars Foundry, 154-156 Blackfriars Road, SE1 8EN	DMWSL 946 Limited	Intermediate holding co.		100%
CC Bidco Limited	2021	Blackfriars Foundry, 154-156 Blackfriars Road, SE1 8EN	CC Topco Limited	Intermediate holding co.		100%
Charles Cameron and Associated Limited	2021	Blackfriars Foundry, 154-156 Blackfriars Road, SE1 8EN	CC Bidco Limited	Intermediate holding co.		100%
Scrutton Bland Financial Services Limited	2021	820 The Crescent, CO4 9YQ	Emery (IFA) Limited	Independent financial advice		80%
Neal Ross Limited	2021	First Floor Mitre House, EC4Y 1BP	Chancery Financial Planning Holdings Limited	Independent financial advice		80%

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 13 Shares in group undertakings (continued)

On 1 January 2021, the Group acquired 100% of the issued share capital of Orwell Securities (Ipswich) Limited, a company incorporated in England & Wales. The investment was £5.7m and the initial consideration was £4.1m.

On 29 January 2021, the Group acquired 80% of the issued share capital of Shipman Group Holdings Limited and its subsidiary undertakings, a company incorporated in England & Wales. Shipman Group Holdings Limited acts as an intermediate holding company within the Group. Shipman Group Holdings Limited controls 100% of Shipman Group Limited, Shipman Holdings Limited, Shipman Financial Planning Limited, BKD Wealth Management Limited and MWFS Limited, all incorporated in England & Wales. On the same day the Group also acquired 100% of the issued share capital of Shipman Investment Managers Limited. The investment was £7.3m and the initial consideration was £3.4m.

On 1 March 2021, the Group acquired 80% of the issued share capital of Wealth Solutions Holdings Limited and its subsidiary undertakings, a company incorporated in England & Wales. Wealth Solutions Holdings Limited acts as an intermediate holding company within the Group. Wealth Solutions Holdings Limited controls 100% of Wealth Solutions (UK) Limited and Kingsley Wealth Solutions Limited, all incorporated in England & Wales. The investment was £9.5m and the initial consideration was £6.1m.

On 1 March 2021, the Group acquired 80% of the issued share capital of True Bearing Limited and its subsidiary undertakings, a company incorporated in England & Wales. True Bearing Limited is a regulated trading company and also acts as an intermediate holding company within the Group. True Bearing Limited controls 100% of True Bearing (North West) Limited, Bread and Butter Advice Limited and Jones Harris Financial Planning Limited, all incorporated in England & Wales. The investment was £6.9m and the initial consideration was £2.5m.

On 1 March 2021, the Group acquired 100% of the issued share capital of Pennine Wealth Solutions LLP, an entity registered in England & Wales. The investment was £2.8m and the initial consideration was £1.7m.

On 1 April 2021, the Group acquired 100% of the issued share capital of Cathedral Financial Management Limited and its subsidiary undertaking, a company incorporated in England & Wales. Cathedral Financial Management Limited is a regulated trading company and also acts as an intermediate holding company within the Group. Cathedral Financial Management Limited controls 100% of DMA Financial Planning Limited, a company incorporated in England & Wales. The investment was £6.3m and the initial consideration was £3.7m.

On 1 June 2021, the Group acquired 100% of the issued share capital of Unity Financial Planning Limited, a company registered in England & Wales. The investment was £2.5m and the initial consideration was £1.1m.

On 2 August 2021, the Group acquired 100% of the issued share capital of CC Topco Limited and its subsidiary undertakings, a company incorporated in England & Wales. CC Topco Limited acts as an intermediate holding company within the Group. CC Topco Limited controls 100% of CC Bidco Limited and Charles Cameron and Associates Limited, all incorporated in England & Wales. The investment was £24.3m and the initial consideration was £19.4m.

On 1 September 2021, the Group acquired 100% of the issued share capital of Scrutton Bland Financial Services Limited, a company registered in England & Wales. The investment was £9.8m and the initial consideration was £6.0m.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**13 Shares in group undertakings (continued)****Acquisition of subsidiary undertakings**

Set out below are the provisional fair values of the assets and liabilities acquired. There have been no subsequent changes to the provisional fair values disclosed.

	Group	
	Book Value	Provisional fair value to the Group
	£	£
<b>Non-Current Assets</b>		
Intangible assets	1,029,403	55,716,954
Property and equipment	578,385	578,385
Right-of-use assets	-	614,688
	<b>1,607,788</b>	<b>56,910,027</b>
<b>Current Assets</b>		
Trade and other receivables	2,943,191	3,275,594
Cash and cash equivalents	9,609,959	9,609,959
	<b>12,553,150</b>	<b>12,885,553</b>
<b>Total Assets</b>	<b>14,160,938</b>	<b>69,795,580</b>
<b>Non-Current Liabilities</b>		
Deferred tax	37,627	11,423,679
Loan	1,144,572	1,144,572
Loan notes	13,232,879	13,232,879
Other financial liabilities	2,109,403	2,109,403
	<b>16,524,481</b>	<b>27,910,533</b>
<b>Current Liabilities</b>		
Taxation	2,136,596	2,136,596
Trade and other payables	3,505,604	2,188,521
Other financial liabilities	1,335,892	1,335,892
Lease liabilities	-	710,891
	<b>6,978,092</b>	<b>6,371,900</b>
<b>Total Liabilities</b>	<b>23,502,573</b>	<b>34,282,433</b>
<b>Net Assets/ (Liabilities)</b>	<b>(9,341,635)</b>	<b>35,513,147</b>
<b>NET ASSETS</b>		
Net Assets		35,513,147
Goodwill		46,316,767
Non-controlling interest		(6,323,996)
		<b>75,505,918</b>
<b>Satisfied by:</b>		
Cash		50,237,671
Fair value of deferred consideration		20,284,966
Loan Notes		4,983,281
		<b>75,505,918</b>
<b>Net cash outflow on acquisition</b>		
Cash consideration		50,237,671
Less: cash and cash equivalents acquired on acquisition		(9,609,959)
		<b>40,627,712</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 13 Shares in group undertakings (continued)

#### Acquisition of subsidiary undertakings (continued)

Fair value adjustments represent recognition of intangible assets for customer relationships, associated deferred tax liabilities, right-of-use assets, and lease liabilities.

The fair value of intangible assets for customer relationships has been determined using a discounted cash flow based on the income that will be generated from the customer relationships over the next 25 years.

	<b>Group</b>
<b>Contribution since acquisition</b>	
Turnover	25,237,909
Profit for the period	6,402,978
<b>Contribution if acquisition completed on 1 January 2021</b>	
Turnover	38,609,489
Profit for the period	9,410,298

Had the acquisitions been completed on 1 January 2021, group revenue would have increased by £13.4m to £54.5m and the group loss would have reduced by £3.1m to (£24.9m).

The deferred consideration on the acquired subsidiaries during 2021, is payable in three instalments, subject to profitability criteria based on performance in Year 1, Year 2, and Year 3. The value of the deferred consideration has been established at cost discounted at an investment hurdle rate. The goodwill balance of £46.3m is deemed to represent the value of the assembled workforce combined with the processes by which the company is managed. Acquisition costs expense amounted to £4.0m (note 11).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2021

## 14 Property and equipment

Group	Leasehold Improvements	Motor Vehicles	Computer and Office Equipment	Furniture, Fixtures and Fittings	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	6,519	-	67,203	87,129	160,851
Acquisitions of subsidiaries	221,149	-	251,453	31,983	504,585
Disposals	-	-	(33,968)	-	(33,968)
Additions	-	-	70,460	3,825	74,285
<b>At 31 December 2020</b>	<b>227,668</b>	<b>-</b>	<b>355,148</b>	<b>122,937</b>	<b>705,753</b>
Acquisitions of subsidiaries	202,798	114,190	318,188	1,015,747	1,650,923
Disposals	(9,758)	(50,000)	(190,131)	(97,538)	(347,427)
Additions	-	25,767	14,131	112,432	152,330
<b>At 31 December 2021</b>	<b>420,708</b>	<b>89,957</b>	<b>497,336</b>	<b>1,153,578</b>	<b>2,161,579</b>
<b>Depreciation</b>					
At 1 January 2020	3,089	-	35,792	47,349	86,230
Acquisition of subsidiaries	69,862	-	199,095	28,848	297,805
Disposals	-	-	(33,968)	-	(33,968)
Charge for the year	14,100	-	50,557	11,116	75,773
<b>At 31 December 2020</b>	<b>87,051</b>	<b>-</b>	<b>251,476</b>	<b>87,313</b>	<b>425,840</b>
Acquisition of subsidiaries	65,048	54,931	215,787	736,771	1,072,538
Disposals	(9,758)	(49,583)	(121,878)	(102,052)	(283,271)
Charge for the year	66,685	4,995	72,466	147,240	291,386
<b>At 31 December 2021</b>	<b>209,026</b>	<b>10,343</b>	<b>417,851</b>	<b>869,272</b>	<b>1,506,492</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>211,682</b>	<b>79,614</b>	<b>79,485</b>	<b>284,306</b>	<b>655,087</b>
<b>At 31 December 2020</b>	<b>140,617</b>	<b>-</b>	<b>103,673</b>	<b>35,624</b>	<b>279,914</b>



**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**14 Property and equipment (continued)**

Company	Computer and Office Equipment £	Furniture, Fixtures and Fittings £	Total £
<b>Cost</b>			
At 1 January 2020	7,370	-	7,370
Additions	16,780	3,825	20,605
<b>At 31 December 2020</b>	<b>24,150</b>	<b>3,825</b>	<b>27,975</b>
Additions	6,501	-	6,501
<b>At 31 December 2021</b>	<b>30,651</b>	<b>3,825</b>	<b>34,476</b>
<b>Depreciation</b>			
At 1 January 2020	863	-	863
Charge for the year	6,149	1,169	7,318
<b>At 31 December 2020</b>	<b>7,012</b>	<b>1,169</b>	<b>8,181</b>
Charge for the year	8,757	1,275	10,032
<b>At 31 December 2021</b>	<b>15,769</b>	<b>2,444</b>	<b>18,213</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>14,882</b>	<b>1,381</b>	<b>16,263</b>
<b>At 31 December 2020</b>	<b>17,138</b>	<b>2,656</b>	<b>19,794</b>

**15 Right-of-use assets**

	Group £
<b>Right-of-use assets</b>	
<b>Cost</b>	
At 1 January 2020	149,168
Acquisitions of subsidiaries	313,199
<b>At 31 December 2020</b>	<b>462,367</b>
Acquisition of Subsidiaries	951,125
Additions	1,036,221
<b>At 31 December 2021</b>	<b>2,449,713</b>
<b>Depreciation</b>	
At 1 January 2020	74,585
Acquisitions of subsidiaries	-
Charge for the year	61,072
<b>At 31 December 2020</b>	<b>135,657</b>
Acquisition of Subsidiaries	336,437
Charge for the year	369,969
<b>At 31 December 2021</b>	<b>842,062</b>
<b>Net book value</b>	
<b>At 31 December 2021</b>	<b>1,607,651</b>
<b>At 31 December 2020</b>	<b>326,712</b>

The Group leases three buildings with a lease term in excess of one year, resulting in the recognition of right-of-use assets and lease liabilities. The total cash outflow and maturity analysis of lease liabilities is presented in note 22.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 15 Right-of-use assets (continued)

Amounts recognised in the statement of comprehensive income for the period were as follows:

Group	2021	2020
	£	£
Depreciation expense of right-of-use assets	369,969	61,072
Interest expense on lease liabilities	149,265	5,915
Expense relating to short term leases	482,985	324,740
Expense relating to low value assets	357,664	24,371

### 16 Loans receivable (non-current asset)

Company	2021	2020
	£	£
Loan Notes	4,983,280	-
Cumulative interest and similar income	207,680	-
	<b>5,190,960</b>	<b>-</b>

During the year, the Company acquired 4,983,280 unsecured Loan Notes of £1.00 each which accrue interest at 10% per annum and are due for repayment in 2031.

### 17 Deferred tax asset

	Group	Company
	£	£
At 1 January 2020	317,247	317,247
Credit to the income statement	146,862	145,403
Prior period adjustment	(211,258)	(211,258)
At 31 December 2020	<b>252,851</b>	<b>251,392</b>
Credit to the income statement	40,078	-
Recognition of tax losses	72,930	72,930
Prior period adjustment	365,852	402,110
At 31 December 2021	<b>731,711</b>	<b>726,432</b>

A deferred tax asset on losses has been recognised to the extent it is probable that there will be future taxable profits to utilise the asset. Trading losses are available to carry forward without expiry subject to the continuation of trade.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**18 Trade and other receivables**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade receivables	1,109,897	381,195
Amounts owed by parent company	12,521,193	3,909,619
Prepayments	658,276	176,019
Accrued Income	1,045,796	327,045
Other receivables	3,324,072	488,374
	<b>18,659,234</b>	<b>5,276,252</b>
<b>Company</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	3,164,985	617,725
Amounts owed by parent company	12,521,193	3,909,619
Prepayments	34,336	3,626
Other receivables	805,610	39,400
	<b>16,526,124</b>	<b>4,570,370</b>

Trade debtors are non-interest bearing and are generally on 30 days terms.

Amounts owed by group undertakings and parent company are repayable on demand, non-interest bearing and non-secured.

No provision (2020: £nil) for trade and other receivables has been recognised for estimated credit losses based on historical experience which management consider represents the best estimate of future expected credit losses.

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

**19 Loans receivable (current asset)**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Daffodil Bidco Limited	10,900,000	10,900,000
<b>At 31 December 2021</b>	<b>10,900,000</b>	<b>10,900,000</b>
<b>Company</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Daffodil Bidco Limited	10,900,000	10,900,000
True Bearing Limited	150,000	-
<b>At 31 December 2021</b>	<b>11,050,000</b>	<b>10,900,000</b>

During the year, the Company entered a loan agreement with True Bearing Limited amounting to £150,000. The loan is non-interest bearing, unsecured and repayable on demand.

On 5 October 2020, the Company entered a loan agreement with Daffodil Bidco Limited amounting to £10,900,000. The loan is non-interest bearing, unsecured and repayable on demand.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2021

## 20 Cash and cash equivalents

Group	2021 £	2020 £
Bank and cash balances	23,102,674	7,588,563
<b>At 31 December 2021</b>	<b>23,102,674</b>	<b>7,588,563</b>

Company	2021 £	2020 £
Bank and cash balances	5,821,194	4,494,744
<b>At 31 December 2021</b>	<b>5,821,194</b>	<b>4,494,744</b>

## 21 Other financial liabilities

Other financial liabilities represent deferred consideration and put and call options on acquisitions made in the year as set out in Note 13 and Note 2.14 respectively.

Group	Put & Call Options £	Deferred consideration £	Total £
<b>At 1 January 2020</b>	2,251,835	1,359,163	3,610,998
Acquisition of subsidiaries	4,797,758	9,306,575	14,104,333
Unwind of discount	-	669,680	669,680
Fair value losses/ (gains)	308,254	(134,937)	173,317
Settled in year	-	(471,125)	(471,125)
<b>At 31 December 2020</b>	<b>7,357,847</b>	<b>10,729,356</b>	<b>18,087,203</b>
Acquisition of subsidiaries	4,536,732	25,492,438	30,029,170
Additions in the year	-	2,369,444	2,369,444
Unwind of discount	1,007,070	5,484,895	6,491,965
Fair value losses/ (gains)	18,072,652	134,937	18,207,589
Settled in year	-	(7,834,854)	(7,834,854)
<b>At 31 December 2021</b>	<b>30,974,301</b>	<b>36,376,216</b>	<b>67,350,517</b>
<b>Amounts due:</b>			
Within one year	-	16,303,712	16,303,712
After more than one year	30,974,301	20,072,504	51,046,805
	<b>30,974,301</b>	<b>36,376,216</b>	<b>67,350,517</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 21 Other financial liabilities (continued)

Company	Put & Call Options	Deferred consideration	Total
	£	£	£
<b>At 1 January 2020</b>	-	1,359,163	1,359,163
Acquisition of subsidiaries	-	9,306,575	9,306,575
Unwind of discount	-	669,680	669,680
Fair value losses/ (gains)	-	(134,937)	(134,937)
Settled in year	-	(471,125)	(471,125)
<b>At 31 December 2020</b>	-	<b>10,729,356</b>	<b>10,729,356</b>
Acquisition of subsidiaries	-	7,403,224	7,403,224
Unwind of discount	-	3,156,358	3,156,358
Fair value losses/ (gains)	-	134,937	134,937
Settled in year	-	(4,821,338)	(4,821,338)
<b>At 31 December 2021</b>	-	<b>16,602,537</b>	<b>16,602,537</b>
<b>Amounts due:</b>			
Within one year	-	8,560,836	8,560,836
After more than one year	-	8,041,701	8,041,701
	-	<b>16,602,537</b>	<b>16,602,537</b>

### 22 Lease liabilities

Group	2021	2020
	£	£
<b>Maturity analysis</b>		
Year 1	517,745	176,515
Year 2	438,906	135,649
Year 3	339,915	63,930
Year 4	276,690	-
Year 5	243,990	-
Year 6	177,299	-
Year 7	80,000	-
Year 8	80,000	-
Year 9	80,000	-
	<b>2,234,545</b>	<b>376,094</b>
Less: unearned interest	(480,256)	(38,870)
	<b>1,754,289</b>	<b>337,224</b>
<b>Analysed as:</b>		
Non-Current	379,456	185,759
Current	1,374,833	151,465
	<b>1,754,289</b>	<b>337,224</b>

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**22 Lease liabilities (continued)**

The Group has the following significant leases:

Group	Type of lease	Lease payments in period
Emery (IFA) Limited	Property/Office space	39,000
Johnston Campbell Limited	Property/Office space	40,000
Chancery Financial Planning LLP	Property/Office space	52,275
Premier Financial Management Limited	Property/Office space	85,240
BKD Wealth Management Limited	Property/Office space	23,334
Cathedral Financial Management Limited	Property/Office space	63,954
DMA Financial Planning Limited	Property/Office space	7,121
Whichers IFA Limited	Property/Office space	24,525
Wealth Solutions (UK) Limited	Property/Office space	37,500
Kingsley Wealth Solutions Limited	Property/Office space	25,200
True Bearing Limited	Property/Office space	85,277

**23 Provisions**

Group	Dilapidations £	Clawbacks £	Total £
<b>Cost</b>			
At 1 January 2020	-	-	-
Transfer from accruals	5,000	-	5,000
Additional provision	-	29,811	29,811
<b>At 31 December 2020</b>	<b>5,000</b>	<b>29,811</b>	<b>34,811</b>
Charge to income statement	-	-	-
Additional provision	-	39,243	39,243
<b>At 31 December 2021</b>	<b>5,000</b>	<b>69,054</b>	<b>74,054</b>

The dilapidations provision is based on the future expected repair costs required to restore the Company's leased building to its fair condition at the end of the end of the lease term.

The clawback provision is made for the repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. It is uncertain what the number and monetary value will be of any such lapses.

These provisions are expected to be settled in more than one year.

**24 Deferred tax liabilities**

Group	Fixed asset timing differences £	Intangible assets £	Total £
At 1 January 2020	5,891	1,706,250	1,712,141
Acquisitions of subsidiaries	(7,143)	2,745,832	2,738,689
(Credit)/ charge in the year	-	(161,862)	(161,862)
Prior period adjustment	8,601	-	8,601
<b>At 31 December 2020</b>	<b>7,349</b>	<b>4,290,220</b>	<b>4,297,569</b>
Acquisitions of subsidiaries	37,627	11,386,051	11,423,678
(Credit)/ charge in the year	24,694	(744,765)	(720,071)
Effect of change in tax rate	-	2,743,554	2,743,554
Recognition of tax losses	-	-	-
Prior period adjustment	(17,672)	-	(17,672)
<b>At December 2021</b>	<b>51,998</b>	<b>17,675,060</b>	<b>17,727,058</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 24 Deferred tax liabilities (continued)

The deferred tax liability arising on intangible assets relates to the value of client relationships acquired on acquisition of subsidiary businesses which are subsequently amortised. The effect of the change in tax rate recognises that the corporation tax rate will increase from 19% to 25% in April 2023 and therefore has an impact on the deferred tax recorded for intangibles and the client bank valuation for pre-10 June 2021 acquisitions (when the Finance Bill 2021 received Royal Assent).

### 25 Trade and other payables

Group	2021 £	2020 £
Trade creditors	600,993	621,590
Other taxation and social security	450,298	80,205
Other creditors	1,570,952	83,546
Deferred remuneration accrual	970,353	362,302
Other accruals	1,839,089	333,645
	<b>5,431,685</b>	<b>1,481,288</b>
Company	2021 £	2020 £
Trade creditors	291,839	473,135
Amounts owed to group undertakings	7,782,124	3,414,124
Other taxation and social security	98,399	52,625
Other creditors	1,127	(326)
Deferred remuneration accrual	970,353	362,302
Other accruals	598,182	307,305
	<b>9,742,024</b>	<b>4,609,165</b>

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

The amounts owed to group undertakings are repayable on demand, non-interest bearing and unsecured.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**26 Financial instruments****Classes and categories of financial instruments**

Financial assets and liabilities as defined in IFRS 9 are categorised below. Assets and liabilities that are excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Group	2021			
	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>Assets</b>				
Cash and cash equivalents	-	23,102,674	-	23,102,674
Trade and other receivables	-	18,000,958	658,276	18,659,234
Loan receivable	-	10,900,000	-	10,900,000
Other non-financial assets	-	-	156,853,668	156,853,668
<b>Total Assets</b>	<b>-</b>	<b>52,003,632</b>	<b>157,511,944</b>	<b>209,515,576</b>
<b>Liabilities</b>				
Deferred consideration	36,376,216	-	-	36,376,216
Put and call option	30,974,301	-	-	30,974,301
Deferred tax liability	-	-	17,727,058	17,727,058
Trade, other payables and other liabilities	-	7,185,974	2,559,205	9,745,179
<b>Total Liabilities</b>	<b>67,350,517</b>	<b>7,185,974</b>	<b>20,286,263</b>	<b>94,822,754</b>

	2020			
	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>Assets</b>				
Cash and cash equivalents	-	7,588,563	-	7,588,563
Trade and other receivables	-	5,106,233	170,019	5,276,252
Loan receivable	-	10,900,000	-	10,900,000
Other non-financial Assets	-	-	47,603,141	47,603,141
<b>Total Assets</b>	<b>-</b>	<b>23,594,796</b>	<b>47,773,160</b>	<b>71,367,956</b>
<b>Liabilities</b>				
Deferred consideration	10,729,356	-	-	10,729,356
Put and call option	7,357,847	-	-	7,357,847
Deferred tax liability	-	-	4,297,569	4,297,569
Trade, other payables and other liabilities	-	1,818,512	196,245	2,014,757
<b>Total Liabilities</b>	<b>18,087,203</b>	<b>1,818,512</b>	<b>4,493,814</b>	<b>24,399,530</b>



**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**26 Financial instruments (continued)**

Company	2021			
	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>Assets</b>				
Cash and cash equivalents	-	5,821,194	-	5,821,194
Trade and other receivables	-	16,515,263	10,861	16,526,124
Loans receivable	-	16,240,960	-	16,240,960
Other non-financial assets	-	-	121,164,643	121,164,643
<b>Total Assets</b>	<b>-</b>	<b>38,577,417</b>	<b>121,175,504</b>	<b>159,752,921</b>
<b>Liabilities</b>				
Deferred consideration	16,602,537	-	-	16,602,537
Trade, other payables and other liabilities	-	9,015,593	726,431	9,742,024
<b>Total Liabilities</b>	<b>16,602,537</b>	<b>9,015,593</b>	<b>726,431</b>	<b>26,344,561</b>

	2020			
	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>Assets</b>				
Cash & cash equivalents	-	4,494,744	-	4,494,744
Trade & other receivables	-	4,566,744	3,626	4,575,370
Loan receivable	-	10,900,000	-	10,900,000
Other non-financial assets	-	-	45,827,484	45,827,484
<b>Total Assets</b>	<b>-</b>	<b>19,961,488</b>	<b>45,831,110</b>	<b>65,792,598</b>
<b>Liabilities</b>				
Deferred consideration	10,729,356	-	-	10,729,356
Trade, other payables, and other liabilities	-	4,609,165	-	4,609,165
<b>Total Liabilities</b>	<b>10,729,356</b>	<b>4,609,165</b>	<b>-</b>	<b>15,338,521</b>

See below for details of the valuation techniques applied to the Put and call options deferred consideration and impact of sensitivities performed.

**Reconciliation of level 3 fair value measurements**

Deferred consideration and Put and call options are established using a level 3 fair value measurement deriving from valuation techniques that include inputs for the liabilities that are not based on observable market data. Deferred consideration is based on estimate of future performance of the acquired businesses, a change in forecast performance of 10% over the measurement period would reduce the deferred consideration payable by £1.4m (2020: 0.3m) for Group and £0.8m (2020: £0.3m) for Company.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**26 Financial instruments (continued)**

Put and call options based on the incremental value that would be payable to acquire the non-controlling interests, a 2x increase in assumed EBITDA multiple would increase the liability by £5.5m (2020: £1.9m).

Group	Deferred consideration £	Put and call options £	Total £
Total liabilities at 1 January 2020	1,359,163	2,251,835	3,610,998
Acquisitions in the year	9,306,575	4,797,758	14,104,333
Total gains and losses in profit and loss	534,743	308,254	842,997
Total settled in the year	(471,125)	-	(471,125)
<b>Total liabilities at 31 December 2020</b>	<b>10,729,356</b>	<b>7,357,847</b>	<b>18,087,203</b>
Acquisitions in the year	27,861,881	4,536,732	32,398,614
Total gains and losses in profit and loss	5,619,832	19,079,722	24,699,554
Total settled in the year	(7,834,854)	-	(7,834,854)
<b>Total liabilities at 31 December 2021</b>	<b>36,376,216</b>	<b>30,974,301</b>	<b>67,350,517</b>

Company	Deferred consideration £	Put and call options £	Total £
Total liabilities at 1 January 2020	1,359,163	-	1,359,163
Acquisitions in the year	9,306,575	-	9,306,575
Total gains and losses in profit and loss	534,744	-	534,744
Total settled in the year	(471,125)	-	(471,125)
<b>Total liabilities at 31 December 2020</b>	<b>10,729,356</b>	<b>-</b>	<b>10,729,356</b>
Acquisitions in the year	7,403,223	-	7,403,223
Total gains and losses in profit and loss	3,291,295	-	3,291,295
Total settled in the year	(4,821,338)	-	(4,821,338)
<b>Total liabilities at 31 December 2021</b>	<b>16,602,537</b>	<b>-</b>	<b>16,602,537</b>

There were no transfers between Level 1, Level 2 and Level 3 during the year.

**Maturity analysis**

The Group and Company's financial liabilities have maturities ranging from less than one year to four years.

Group	2021 £	2020 £
<b>Maturity analysis</b>		
Year 1	23,489,686	6,676,594
Year 2	11,585,058	3,455,775
Year 3	39,410,680	2,415,499
Year 4	51,066	7,357,847
	<b>74,536,490</b>	<b>19,905,715</b>

Company	2021 £	2020 £
<b>Maturity analysis</b>		
Year 1	17,576,429	9,653,006
Year 2	5,093,778	3,331,277
Year 3	2,947,923	2,354,238
	<b>25,618,130</b>	<b>15,338,520</b>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 27 Financial risk management

#### *Credit risk*

All cash balances are with an institution holding at least an A2 credit rating, in line with Group's risk appetite. Trade receivables' balances are predominantly with product providers and are considered to be of low exposure to credit risk and non-payment based on historical recoveries. There was no allowance for expected credit losses as at 31 December 2021 (2020: £nil).

The Group's exposure of credit risk comprised cash and cash equivalents and trade and other receivables.

#### *Liquidity risk*

The Group actively maintains funding levels to ensure that the business has sufficient liquidity to support current and planned operations. The Group's finance function regularly reviews these facilities to ensure that sufficient funding is available and to take steps to access further funding should this be required.

#### *Market risk*

##### **Price Risk**

The Group is exposed to market risk as much of its trading revenues from ongoing annual charges is linked to the value of the assets that it manages on behalf of its clients. Changes in the value of these assets have a direct link to the amount of income that is received by the Group.

Central to the service provided to clients is the provision of ongoing advice to ensure that their portfolios are aligned to their attitude to risk and their investment goals. Asset allocation strategies adopted by the Group ensure that portfolios are sufficiently diversified to substantially mitigate the impact of market volatility commensurate with the risk profile chosen.

The market dislocation experienced during 2021 as a result of the COVID-19 pandemic has been a test for the robustness and sustainability of the business model given the direct relationship to the value of client's investment portfolios. Whilst the pandemic had an adverse impact on portfolio levels this was far more muted than headline market levels and was a testament to the asset allocation strategies adopted and provides comfort on the advice process that underpins the mitigation of this risk. Portfolio values have also rebounded strongly following improvements in market sentiment.

The impact of broader Brexit and climate change challenges is primarily limited to secondary financial market impacts, as the principal activities of the Company are the provision of regulated advice within the UK market.

#### *Interest rate risk*

The Group has very low interest rate risk exposure with no borrowings and exposure limited to interest received on cash balances.

#### *Exchange rate risk*

The principal activities of the Group are the provision of regulated advice within the UK market, with all revenue and contracts GBP based, meaning the group has very low direct exchange rate risk. Exposure to indirect exchange rate risk within client asset portfolios is described within Price risk above.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**27 Financial risk management (continued)****Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of equity (comprising issued capital, share premium, retained earnings and non-controlling interests) as disclosed in notes 29, 32 and the statement of changes in equity.

The Company is not a regulated entity and therefore not subject to externally imposed capital requirements. The UK subsidiaries of the Group are required to maintain adequate levels of regulatory solvency in line with the requirements of the Financial Conduct Authority.

**28 Related party transactions**

Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year group entities entered into the following trading transactions with related parties who are not members of the Group:

	2021	2020
	Purchase of	Purchase of
	Services	Services
	£	£
<b>Penta Capital LLP</b>	214,841	122,634
S Scott and C L Schrage Von Altshofen are partners of Penta Capital LLP		
<b>Buchanan Shearer LLP</b>	84,272	95,257
D J B Shearer is a partner in Buchanan Shearer LLP		

There were no balances amounts owing or due from related parties as at 31 December 2021 (2020: £nil).

**Remuneration of key management personnel**

The remuneration of the directors, who are the key management personnel of the Group was £718,333 in aggregate (2020: £557,604) which related entirely to short term employee benefits.

**29 Called-up share capital**

	Authorised Number	Allotted Number	Called-up and fully paid £
Balance at 31 December 2019	13,067,750	13,067,750	13,067,750
Ordinary shares of £1.00 issued in the year	37,900,000	37,900,000	37,900,000
<b>Balance at 31 December 2020</b>	<b>50,967,750</b>	<b>50,967,750</b>	<b>50,967,750</b>
Ordinary shares of £1.00 issued in the year	93,833,280	93,833,280	93,833,280
<b>Balance at 31 December 2021</b>	<b>144,801,030</b>	<b>144,801,030</b>	<b>144,801,030</b>

A total of 93,833,280 (2020: 37,900,000) shares were issued during the year at £1.00 (2020: £1.00) each

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**29 Called-up share capital (continued)**

The rights attached to the shares are set out below:

- On show of hands, each member holding ordinary shares has one vote and on a poll each member holding ordinary shares has one vote for each ordinary shares held
- The ordinary shares have the right, as respects dividends, to participate in a distribution
- The ordinary shares have the right, as respects capital, to participate in distribution (including on winding up)
- The ordinary shares are not to be redeemed or liable to be redeemed at the option of the company or the shareholders

**30 Reconciliation of financing liabilities**

Group	Lease Liabilities	Total
	£	£
At 1 January 2020	(76,280)	(76,280)
Repayment of principal	40,810	40,810
Acquired with subsidiaries	(306,218)	(306,218)
Non-Cash movements	4,464	4,464
<b>At 31 December 2020</b>	<b>(337,224)</b>	<b>(337,224)</b>
Cashflow	483,426	483,426
Acquired with subsidiaries	(710,891)	(710,891)
Additions during the year	(1,040,335)	(1,040,335)
Non-cash movements	(149,265)	(149,265)
<b>At 31 December 2021</b>	<b>(1,754,289)</b>	<b>(1,754,289)</b>

Non-cash movement relates to accrued interest and similar charges.

**31 Controlling party**

The immediate parent company of Amber River Group Limited is Daffodil Bidco Limited and its registered office is Second Floor, Number 4, The Forum, Grenville Street, St Helier, Jersey JE2 4UF.

In the opinion of the directors, the Company's ultimate parent Company is Violet Topco Limited, a company incorporated in Jersey. The parent undertaking of the largest and smallest group, which includes the Company for which group financial statements are prepared, is Violet Topco Limited, a Company incorporated in Jersey, at Second Floor, Number 4, The Forum, Grenville Street, St Helier, Jersey JE2 4UF.

The ultimate controlling party of the Group is Tosca Penta Socium Limited. The ultimate controlling party of the Group is Tosca Penta Socium Limited. The Company is a Jersey Private Fund administered by Citco Fund Services Limited (a Jersey designated service provider) who also provide Jersey resident directors to the company. Penta Capital LLP, an FCA regulated firm, who acts as investment advisor to the company and exercises rights over certain voting matters through its holding of shares in the company.

**Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

**32 Non-controlling interests**

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and fair value uplifts on intangibles and related deferred tax liabilities.

	2021	2020
	£	£
Current assets	49,326,093	7,940,410
Non-current assets	62,787,223	586,832
Current liabilities	(33,612,780)	(1,170,081)
Non-current liabilities	(13,004,760)	(225,636)
<b>Net assets</b>	<b>65,495,776</b>	<b>7,131,525</b>
Equity attributable to owners of the Company	57,409,676	3,147,392
Non-controlling interests	8,086,100	3,984,133
<b>Net assets</b>	<b>65,495,776</b>	<b>7,131,525</b>
<b>Revenue</b>	<b>33,860,562</b>	<b>8,181,149</b>
<b>Profit for the year</b>	<b>11,573,518</b>	<b>2,475,889</b>
Profit attributable to owners of the Company	9,258,815	1,980,711
Profit attributable to the non-controlling interests	2,314,703	495,178
<b>Profit for the year</b>	<b>11,573,518</b>	<b>2,475,889</b>

**33 Events after the reporting period**

The Group has acquired further businesses since 31 December 2021 and to the date of this report.

Company Acquired	Date	Location	% Acquired
Wildwood Wealth Management Limited	04/01/22	Horsham, West Sussex	100%
Monahans Financial Services Limited	05/01/22	Trowbridge, Wiltshire	100%
Hugh Davies Associates Limited	21/01/22	Cheltenham, Gloucestershire	80%
John Eames Limited	01/02/22	London	100%
White McMullan Barnes Limited	04/02/22	Belfast, Northern Ireland	100%
Moore Stephens Financial Services (N.I.) Limited	03/05/22	Coleraine, Northern Ireland	100%
Oakland Financial Management Limited	30/05/22	London	100%
Leodis Wealth Limited	29/06/22	Leeds, West Yorkshire	86%
DB Wood Limited	01/07/22	Newark-on-Trent, Nottinghamshire	80%
Johnston Financial Limited	18/07/22	Edinburgh, Scotland	80%
Johnston Finance Asset Management Limited	18/07/22	Edinburgh, Scotland	100%
C.H. Jeffries (Pensions & Financial Planning) Ltd	03/08/22	Cockermouth	100%
BRB Financial Horizons Limited	05/08/22	Stoke-on-Trent	100%
Bourne Taylor Neville Ltd	09/08/22	Henley-in-Arden	100%
Ian Rankin Limited	19/08/22	Altrincham, Cheshire	100%

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 33 Events after the reporting period (continued)

Since 31 December 2021 and till the date of this report, the Group has issued share capital to its parent company Daffodil Bidco Limited generating total proceeds of £65.6m to fund this acquisition.

No events have occurred between the balance sheet date and the date of this report, which have had an adjusting impact on the results and amounts disclosed in the financial statements.

### 34 Subsidiary company audit exemption

The subsidiary companies in Note 13 are included in the consolidated financial statements and are exempt from an audit of their individual statements by virtue of Section 479A of Companies Act 2006. Under this provision, the Company will guarantee all outstanding liabilities at 31 December 2021 for the following subsidiary companies until they are satisfied in full:

Company	Principle Activity	Principle Activity	Holding
Amber River Limited	12422103	Intermediate holding company	100%
DMWSL 946 Limited	12996966	Intermediate holding company	100%
Johnston Campbell Holdings Limited	NI605301	Intermediate holding company	80%
Chancery Financial Planning Holdings Limited	12421776	Intermediate holding company	80%
Wealth Solutions Holdings Limited	11801444	Intermediate holding company	80%
True Bearing (North West) Limited	04806442	Provision of financial advice	80%
ERD (Financial Solutions) Limited	07123652	Provision of financial advice	80%
Barr & Law Limited	NI061577	Provision of financial advice	80%
CC Topco Limited	11680617	Intermediate holding company	100%
CC Bidco Limited	11680731	Intermediate holding company	100%
Neal Ross Limited	10055708	Provision of financial advice	80%
Shipman Group Holdings Limited	11681914	Intermediate holding company	80%
Shipman Holdings Limited	11709862	Intermediate holding company	80%
Shipman Group Limited	03971374	Intermediate holding company	80%
MWFS Limited	02832360	Provision of financial advice	80%
Kingsley Wealth Solutions Limited	11068427	Provision of financial advice	80%
Whichers IFA Limited	03586741	Provision of financial advice	80%
Socium Group Nominee Limited	12994663	Intermediate holding company	100%

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

### **35 Commitments**

The company's investment in shares in subsidiaries of £120,421,948 (2020: £45,556,297) have been provided as security to the Ares Management Limited in respect of the immediate parent company, Daffodil Bidco Limited's, borrowings.