

# Amber River Group Limited

## Annual Report and Financial Statements for the year ended 31 December 2022

Registered Number: 11942058 (England & Wales)



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**AMBER RIVER GROUP LIMITED**

<b>CONTENTS</b>	<b>Page(s)</b>
Company information	3
Group Key Performance Indicator Trends	4
Strategic Report	5 - 11
Directors' Report	12
Statement of Directors Responsibilities	13
Independent Auditor's report	14 - 16
Consolidated Statement of Comprehensive Income	17
Statement of Financial Position	18 - 19
Statement of Changes in Equity	20
Consolidated Cash Flow statement	21
Notes to the Financial Statements	22 - 59

## **AMBER RIVER GROUP LIMITED**

### **COMPANY INFORMATION**

#### **DIRECTORS**

Mr M H Baines

Mr S R Brunt

Mr D R Cheeseman

Ms M B McIntyre

Mr C I Schragar Von Alfishofen (appointed 20 April 2022)

Mr D J B Shearer

#### **COMPANY NUMBER**

11942058

#### **REGISTERED OFFICE**

Level 4

Dashwood House

69 Old Broad Street

London

EC2M 1QS

#### **AUDITORS**

Deloitte LLP

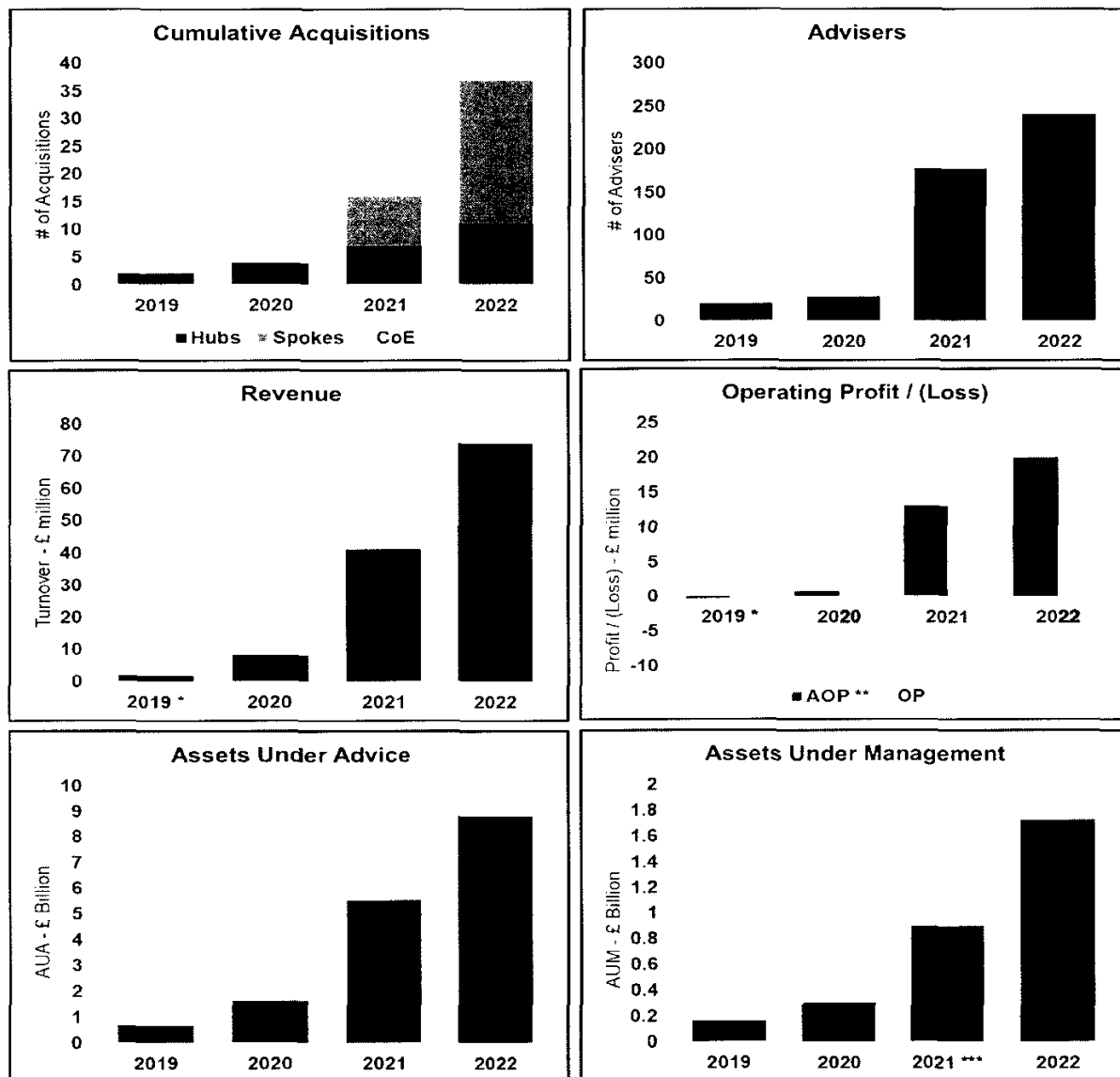
110 Queen Street

Glasgow

G1 3BX

## AMBER RIVER GROUP LIMITED

### GROUP KEY PERFORMANCE INDICATOR TRENDS



\* 2019 performance is period from the start of trading on 6 June to 31 December.

\*\* Adjusted Operating Profit (AOP) is not defined by IFRS but is an alternative performance measure, used by the Directors to assess performance as it provides a consistent measure of operating performance. Further details are provided in Note 10.

\*\*\* 2021 AUM has been restated from £1.6bn as reported previously.

## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

This Strategic Report has been prepared for the Amber River Group ('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

Amber River Group has established 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.

Through selective acquisition, the Group has recruited a foundation of 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 continues, 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 regional Hubs are in turn then supported by Centres of Excellence. To date, the Group has acquired Charles Cameron Associates, who are mortgage specialists and is awaiting regulatory approval to complete the acquisition of a Discretionary MPS Fund Manager.

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 services to the Hub businesses as well as being profit centres in their own right.
- **Integration** of Spoke acquisitions within the Hubs, aligning operating processes and quality standards and unlocking the latent potential within the client banks acquired.
- **Group Investment Proposition** enhancing the client proposition through 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 continues to drive the strong pipeline of opportunities that the Group has developed and its ongoing attractiveness to quality businesses.

### BUSINESS REVIEW

#### *Acquisition activity*

The sector continues to attract investment, with over 30 firms actively acquiring and a diminishing population of targets with suitable scale, quality and ambition to meet demand, with the increased competitiveness leading to acquisition multiples continuing to increase. As an early entrant into the market deploying a model that provides our Hub principals with an ongoing financial interest linked to the success and capital creation of the wider group, we have established good geographic coverage at a more modest capital cost than more recent market entrants. It remains to be seen whether the downturn in performance experienced by much of the sector in the second half of 2022, as a result of market volatility consequent upon the Ukraine war and the Truss / Kwarteng September 2022 budget, will feed through to a dampening in valuations.

At the end of 2022, the Group has achieved its objective of having its core foundation Hubs in place, with 13 regional Hubs completed or contracted. This is an increase of 6 during the period, compared with the 7 Hubs the business entered 2022 with:

Company Acquired	Date	Location	% Acquired
Hugh Davies Associates Limited	21/01/2022	Cheltenham, Gloucestershire	80%
Leodis Wealth Limited	29/06/2022	Leeds, West Yorkshire	86%
D B Wood Limited	01/01/2022	Newark, Nottinghamshire	80%
Johnston Financial Limited	19/07/2022	Edinburgh, Lothian	80%
Campbell & McConnachie Limited	20/01/2023	Lossiemouth, Moray	80%
SFIA Wealth Management Limited	28/02/2023	Maidenhead, Berkshire	80%

## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

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 17 Spoke businesses in 2022 with a further 3 completed to date in 2023 and 16 currently in process. Details of these completed acquisitions can be found in Note 12.

Following on from the acquisition of Charles Cameron & Associates in 2021 to act as a centre of excellence for the Group in providing mortgage services to the wider business, on 6th February 2023, the Group contracted to acquire TAM Asset Management Limited, an award-winning discretionary asset management company that will provide investment solutions to the Group notably in conjunction with the Group Investment Proposition. The transaction is subject to regulatory approval and is expected to complete in the second half of 2023.

#### *Commercial developments*

The Amber River 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 foundation Hub estate now in place and these businesses all driving further local acquisition activity, the focus is shifting toward implementing levels of standardisation across the Group to help drive organic growth and derive value from the acquisitions that have been made and will continue to be made. This includes a move to common Amber River branding, with 4 Hubs now fully rebranded, the implementation of common finance and operating systems with roll-outs well underway, and integration of Spoke businesses within their Hubs hosts, leading over time to the deauthorisation and strike-off of all the Spoke businesses acquired. By the end of 2023, the Group expects to have 4 Hubs on the integrated technology platform and to have demonstrated the improved efficiencies arising from this infrastructure.

Roll-out of the Group Investment Proposition ("GIP"), which provides a range of risk rated model portfolios and a choice of investment styles with selected best of breed investment managers, made big strides in 2022 with 6 of the 13 Hubs having DFM permissions allowing them and their clients to benefit from the proposition and a further 5 on track for implementation in 2023. 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. At the end of 2022, Assets Under Administration ("AUA") were £8.8 bn (2021: £5.5 bn) of which £1.7 bn (2021: £0.9 bn) were under management including £0.4 bn (2021: £0.2 bn) in the GIP. The acquisition of TAM Asset Management as the Group's second centre of excellence will allow the business to construct investment solutions tailored to the needs of clients across the Group as well as giving the Group more control of the value chain.

Charles Cameron & Associates as the Group's centre of excellence continued as a leading mortgage broker, and has grown its client base substantially in 2022 with corporate client numbers rising by 46 to 276 giving access to 425,000 staff, an increase of 75,000 over the year. Referral of mortgage opportunities into Charles Cameron from the Hubs is gaining momentum with opportunities for wealth referrals from the many blue-chip clients they serve, being less well developed at this stage but is expected to feature more strongly in future years.

Amber River's Central team consists of functional experts across a range of disciplines, 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 2022, the Central team has grown from 22 to 38 with the recruitment of staff across marketing, legal, finance, HR and technology and operations. This has included assistance for the Hubs in their preparation and planning for the introduction of the Consumer Duty on 31st July 2023. As all the Hub firms are directly authorised by the Financial Conduct Authority, they each have an obligation to ensure they have applied the letter and spirit of the requirements in the context of their individual businesses. The oversight provided by the Group has facilitated this whilst allowing a level of standardisation that positions the Group well for further future alignment.

#### *Financial performance*

In line with many businesses in the sector, performance was challenged by market volatility which fed through to consumer sentiment and impacted on new business generation and asset levels, both important components of reported performance. The backdrop to this has been the spike in inflation with the Consumer Prices Index ("CPI") rising from 5.4% in Dec-21 to 10.1% by Jul-22 following the war in Ukraine and its impact on energy prices in particular, which combined with the UK's turbulent politics in the second half of the year adversely impacted market stability and consumer sentiment.

## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

Overlaying this general market context were pressures that were specific to the Group that reflect the maturity journey that Hub businesses are going through as the Group works towards all Hub businesses being leading IFA businesses in the locations within which they operate, as evidenced by having AUA of over £1bn. In supporting this size of operation, it has been necessary to invest in the necessary management and infrastructure, including across compliance, finance and operations. The Group now has 5 Hub business of this size with further Hubs on track to achieve this milestone in 2023. The 2022 reported results include this investment in maturity within the Hubs that have achieved this size, which places them in a strong position to grow without further infrastructure investment in 2023 and beyond, although this has come at the expense of an increase in their cost base, further exacerbated by inflationary pressures.

Notwithstanding the challenging market backdrop and cost base pressure, all Hub business have remained profitable during 2022 with asset levels under administration in excess of those acquired at the time the transactions were completed.

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

Key Performance Indicator	2022	2021
Number of Hubs	11	7
Number of acquisitions made	37	17
Number of advisers	241	177
Revenue	£74.1m	£41.1m
Group Adjusted Operating Profit (see Note 10)	£20.0m	£13.1m
Operating (Loss)/Profit	(£4.3m)	£0.9m
Loss before taxation	(£7.1m)	(£24.0m)
Assets under Advice	£8.8bn	£5.5bn
Assets under Management	£1.7bn	£0.9bn

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.

Assets under Advice are defined as investible assets under an ongoing service agreement typically associated with ongoing advice fee. AuM covers all assets under discretionary management, where the discretionary management forms part of the Hub Investment Proposition (HIP) or Group Investment Proposition (GIP).

With a full year's contribution from acquisitions completed in 2021, together with the reported performance from acquisitions made over the course of 2022, reported revenue has grown to £74.1m (2021: £41.1m) and Adjusted Operating Profit to £20.0m (2021: £13.1m). The Group's Adjusted Operating Profit includes the on-going head office costs of £5.8m (2021: £3.9m).

The statutory operating loss of £4.3m is lower than the operating profit of £0.9m in 2021, mainly due to higher amortisation costs relating to client bank intangible assets acquired. In addition, higher exceptional costs relating to impairment, retention and development have been incurred in 2022, which are further explained in Note 10. The loss before taxation has reduced substantially in the year, primarily due to the fair value movement on the put & call liability being a gain of £0.8m in 2022 compared to a loss of £19.1m in 2021. In addition the fair value gain relating to deferred consideration was lower, being £3.2m in 2022 compared to £5.6m in 2021, reflecting the net impact of discount unwind and reduced deferred consideration expected to be paid out where acquisitions are under-performing against the contractual targets upon which their expected consideration was established and provisioned at acquisition.

The following are key highlights of Group performance:

- The Group continues to make excellent progress with acquisitions, completing on a further 4 Hub businesses in 2022, with a further 2 completed to the date of this report, taking the total to 13 and providing excellent geographical coverage across the UK. The Group has contracted to acquire TAM Asset Management Limited, which will be positioned as an additional centre of excellence, providing asset management services to the Group, and is expected to complete during the second half of 2023. Additionally, 17 Spoke acquisitions were completed in 2022, with a further 4 up to the date of this report.
- Whilst ongoing revenues have been adversely impacted by the volatility in markets during 2022, particularly during the second half of the year, all hub businesses have remained profitable with the Group's Adjusted Operating Profit margin at 26% (2021: 32%).
- The Company has had a further equity funding injection of £3.6m since the end of 2022 comprising £2.3m on 30 June 2023 and £1.3m on 12 July 2023.

## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

- Net assets of the Group increased to £211.6m (2021: £114.7m), with material movements in the Statement of Financial Position driven principally by the acquisition activity: Intangible assets increased to £231.0m (2021: £153.9m) and Other financial liabilities relating to deferred consideration increased to £53.5m (2021: £36.4m). Other financial liabilities relating to the settlement of put & call options decreased by £31.0m with the de-recognition of the liability following changes to the Shareholder Agreement, with a transfer to NCI and Other Reserve within equity. This Group generated funding through the issue of shares during the year generating proceeds of £65.6m (2021: £93.8m), see note 29.

#### *Put & call accounting*

A feature of the business model is the equity interest the 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. Given the determination of the event that triggers the exercise of the put & call for these minority interests was not wholly within the control of the Group board, under IFRS 3 we were required to provide for the expected liability arising on such an eventuality notwithstanding that the funding of these acquisitions would be funded from the ultimate sale proceeds, which we are unable to recognise.

In December 2022, changes were made to the Shareholders' Agreement that now required the Group board to provide consent to the exercise of the put & call over the minority interests in the Hubs that have been acquired. This change, which provides the Group board with control over the exercise of the options, has triggered a change in accounting for the put & call options from this point forward, which results in the derecognition of the liability. For 2022 up until the date of this change to the Shareholders' Agreement, the earlier policy requiring full provision has though had to be adopted with a resultant charge to the Consolidated Statement of Comprehensive Income, this liability has then been reversed and credited to reserves at the date upon which the change in the Shareholders' Agreement was implemented.

The impact of this is a credit to Other Costs in the Consolidated Statement of Comprehensive Income of £0.8m (2021: £19.1m charge) and a credit to Other Reserves of £18.7m and NCI of £21.1m representing the reversal of the combined liability for the put & call liability at the date of the change to the Shareholders' Agreement.

#### *Outlook*

The Group now has its core foundation hubs in place and is working towards each building upon the presence they have in their regions as evidenced by them having in excess of £1 billion of AUA. In conjunction with this, in order to underpin the quality of the Hubs, each are required to have the infrastructure, governance, control environment and service standards commensurate with their size within the transition to becoming a nationally branded IFA group. The Group will seek to further embed its Centres of Excellence to enhance the service provision available to clients through the Hub businesses.

### GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company has access to 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.

In reaching this conclusion the Directors have considered the following:

- the funding requirements of the business under a range of performance scenarios including the expected timing for completion of the current acquisition pipeline and funding commitments on acquisitions made to date;
- the level of headroom available under existing funding lines;
- the expectation under funding currently available and financing activities in hand, that the Daffodil Bidco Limited will be able to satisfy the financial covenants applicable to the borrowing facilities with Ares Management Limited; and
- assurances provided by Penta Capital LLP as investment adviser to Tosca Penta Socium Limited as ultimate controlling party of the Group to support the business ensuring it maintains adequate solvency and liquidity to enable it to meet its obligations as they fall due.

The Company is dependent on Violet Topco Limited and Daffodil Bidco Limited continuing to provide further funding to meet its future commitments. As at the date of the signing of the financial statements, the total undrawn funding available to Violet Topco Limited and Daffodil Bidco Limited amounted to £67.0m (2021: £132.6m). This is provided through £61.0m (2021: £61.0m) of Investor funding from the Company's ultimate parent company, Violet Topco Limited and a £200m Debt Financing Agreement the Company's parent Daffodil Bidco Limited, has with Ares Management Limited.

The Company has a strong pipeline of future acquisitions, which together with existing future deferred consideration commitments, will require Daffodil Bidco Limited to fully utilise the existing debt facility and to have access to a further £75m facility that has been agreed in principle with Ares Management Limited, and which will be subject to their approval before becoming available. Following on from the multiple rounds of follow-on capital that Ares have provided to date to support acquisitions, the Directors are confident that the further as yet uncommitted funding line of £75m will be secured, closer to the time it is required.

Daffodil Bidco Limited as parent company of the Group, undertakes sensitivity analyses to assess the impact of severe but plausible scenarios, to determine the headroom against its lending covenants with Ares Management Limited. Under certain stressed projections the Incurrence Test, a measure which determines whether funding within the facility can be drawn, is marginally exceeded. In such a scenario, Daffodil Bidco Limited would be unable to access further debt funding to support the Group until the position is remedied. To forestall this position, and provide further funding headroom to the Group, additional funding lines are being sought that would mitigate the exposure faced by the Group in the event of such a downside scenario being experienced.



## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

Notwithstanding, the Directors confidence on access to further funding becoming available to Daffodil Bidco Limited to then invest in the Company should it be required, under IAS 1 Presentation of Financial Statements Paragraph 25 on Going Concern, the contingent nature of this further funding represents a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Boards of both Daffodil Bidco Limited and Violet Topco Limited are kept regularly updated on the funding requirements of the Company in order that funding support can be made available to meet the needs of the business as required.

#### DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

In fulfilling its obligation under S172 Companies Act 2006, the board gives due consideration to the interests of relevant stakeholders in the business. The significant stakeholders and the basis of the board's engagement include the following:

##### *Shareholders*

The shareholders including Tosca Penta Socium Limited, as represented by Penta Capital LLP, have close oversight of the decisions and operations of the Group and are represented on the board and in the key committees of the Group.

##### *Clients*

Clients lie at the heart of the business and drive operational decision making within the Hub businesses together with the governance and oversight provide to these businesses from the Group. Through the board and attendant board committees the tracking of consumer outcomes and advice quality remains a central focus.

##### *Employees*

Client surveys including Net Promoter Score measurements are taken regularly across all businesses in the Group and are reported back to the board. This has enabled actions to be taken to provide targeted support and has provided areas of focus for the central human resource team. The board also has close involvement with the senior management team within the business both formally through regular reporting and informally through conversations between individual board members and members of the management team.

##### *Lenders*

Ares Management Limited as primary debt provider is regularly briefed on both current and future business performance.

##### *Regulators*

The Group has adopted a policy of engagement and transparency with all regulatory bodies. The senior management team of the Group and the Hub businesses is staffed by personnel with deep experience of the regulatory environment in which the business operates and in meeting the expectations that are placed upon the business in this regard.

##### *Suppliers*

The Group aims to treat all suppliers fairly and in accordance with the terms of engagement agreed at the outset of working with these parties. It is the Group's policy to settle all invoices promptly in accordance with the terms of business agreed.

### 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.

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 relevant risk profile. 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.

Whilst asset allocation strategies cannot fully protect client portfolios and the impact their volatility may have on income levels within the Group, experience over the last few years has highlighted the dampening effect these strategies have had when compared to the headline movement in market levels.

## **AMBER RIVER GROUP LIMITED**

### **STRATEGIC REPORT**

#### **Liquidity, solvency and interest rate 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. The projections upon which these commitments are established includes future SONIA interest rate projections which comprise the variable element of the interest charged on the debt within the Group.

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.

#### **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, heightened recently through the imminent introduction of Consumer Duty obligations. 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 governance 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.

#### **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. All acquisitions acquired by Hub businesses are tracked against an integration checklist to ensure both visibility on progress and rigour in the integration process.

#### **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.

## AMBER RIVER GROUP LIMITED

### STRATEGIC REPORT

#### SUBSEQUENT EVENTS

The Group has acquired further businesses since 31 December 2022 and to the date of this report.

Company Acquired	Date	Location	% Acquired
Roger Thornett Limited	20/01/2023	Henley-on-Thames, Berkshire	100%
Campbell & McConnachie Limited	20/01/2023	Lossiemouth, Scotland	80%
H B Cranfield Wealth Management Limited	31/01/2023	Poundbury, Dorchester	100%
SFIA Wealth Management Limited	28/02/2023	Maidenhead, Berkshire	80%
Barrington Jarvis Limited	03/03/2023	Newcastle, Staffordshire	100%

Since 31 December 2022 and until the date of this report, the Group has issued share capital to its parent company Daffodil Bidco Limited generating total proceeds of £3.6m to help fund these acquisitions.

Additionally, the Group has exchanged contracts to acquire a further four businesses since 31 December and to the date of this report.

Company Acquired	Date	Location	% Acquired
TAM Asset Management Limited	06/02/2023	London	65%
Succeed Wealth Management Limited	03/07/2023	Belfast	100%
L-Life Limited	04/07/2023	Blairgowrie	100%
Calum J Yuill Limited	04/07/2023	Taunton	100%

#### 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  
Date: 28/07/2023

## **AMBER RIVER GROUP LIMITED**

### **DIRECTORS' REPORT**

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 2022.

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

#### **Results and Dividends**

The Group has reported a loss after taxation for the year to 31 December 2022 of £8.1m (2021: £27.9m). No dividends were paid or proposed during the year (2021: £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

Ms M B McIntyre

Mr C L Schrager Von Altishofen (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 (2021: £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.

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

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



**Ms M B McIntyre**

**Director**

**Date: 28/07/2023**

## **AMBER RIVER GROUP LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

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 UK 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 in IFRS's 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.

## **AMBER RIVER GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMBER RIVER GROUP LIMITED 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's and of the parent company's affairs as at 31 December 2022 and of the group's and the 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 statements of comprehensive income;
- the consolidated and company statements of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated and 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 regard 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty relating to going concern**

We draw attention to note 2.3 in the financial statements, which indicates that the groups' ability to continue as a going concern is dependent upon further funding which has not been approved. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMBER RIVER GROUP LIMITED (continued)**

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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 licence and regulatory solvency requirements.

We discussed among the audit engagement team including relevant internal specialists, such as valuation and tax 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 area, and our specific procedures performed to address it are described below:

- 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.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMBER RIVER GROUP LIMITED (continued)**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

**Statutory Auditor**

**Glasgow, United Kingdom**

**Date: 28 July 2023**



AMBER RIVER GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	3	74,054,188	41,096,712
Cost of sales		(10,146,967)	(4,228,776)
<b>Gross profit</b>		<b>63,907,221</b>	<b>36,867,936</b>
Administrative expenses		(68,231,192)	(35,983,829)
<b>Operating loss</b>	4 & 5	<b>(4,323,970)</b>	<b>884,107</b>
Finance income	6	45,611	14,676
Loss on disposal of assets		(182,796)	-
Other losses	7	(2,429,964)	(24,699,554)
Finance costs	8	(258,041)	(156,499)
<b>Loss before taxation</b>		<b>(7,149,161)</b>	<b>(23,957,270)</b>
Income tax	9	(965,653)	(3,938,878)
<b>Loss for the year</b>		<b>(8,114,814)</b>	<b>(27,896,148)</b>
<b>Total comprehensive loss</b>		<b>(8,114,814)</b>	<b>(27,896,148)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the company		(8,144,132)	(30,210,851)
Non-controlling interests		29,318	2,314,703
		<b>(8,114,814)</b>	<b>(27,896,148)</b>

The company has taken advantage of the exemption contained within Companies Act 2006 not to present its own Statement of Comprehensive Income. The loss for the period dealt with in the financial statements of the company was £5,430,574 (2021: £10,878,997).

All activities are from continuing operations

The notes on pages 22 to 59 form an integral part of these financial statements.

AMBER RIVER GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	231,027,778	153,859,219
Property and equipment	14	1,097,825	655,087
Right-of-use assets	15	3,450,049	1,607,651
Deferred tax assets	17	884,621	731,711
		<b>236,460,273</b>	<b>156,853,668</b>
<b>Current assets</b>			
Trade and other receivables	18	37,956,815	18,659,234
Loans receivable	20	10,900,000	10,900,000
Cash at bank and cash equivalents	19	20,546,691	23,102,674
		<b>69,403,506</b>	<b>52,661,908</b>
<b>Total assets</b>		<b>305,863,778</b>	<b>209,515,576</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Other financial liabilities	21	(28,640,803)	(51,046,805)
Lease liabilities	22	(3,000,805)	(1,374,833)
Provisions	23	(197,667)	(74,054)
Deferred tax liabilities	24	(22,928,171)	(17,727,058)
		<b>(54,767,446)</b>	<b>(70,222,750)</b>
<b>Current liabilities</b>			
Trade and other payables	25	(9,097,640)	(5,431,685)
Lease liabilities	22	(814,385)	(379,456)
Current tax liabilities		(4,655,295)	(2,485,151)
Other financial liabilities	21	(24,901,819)	(16,303,712)
		<b>(39,469,138)</b>	<b>(24,600,004)</b>
<b>Total liabilities</b>		<b>(94,236,584)</b>	<b>(94,822,754)</b>
<b>Net assets</b>		<b>211,627,194</b>	<b>114,692,822</b>
<b>EQUITY</b>			
Called up share capital	29	210,401,030	144,801,030
Retained losses attributable to owners of the Company		(46,338,439)	(38,194,308)
Shareholders' funds		<b>164,062,591</b>	<b>106,606,722</b>
Other reserve	21	18,687,386	-
Non-controlling interests	32	28,877,217	8,086,100
<b>Total equity</b>		<b>211,627,194</b>	<b>114,692,822</b>

The financial statements for the Group were approved by the Board of Directors and authorised for issue and signed on its behalf by:



Mr S R Brunt

Director

Date: 28/07/2023

The notes on pages 22 to 59 form an integral part of these financial statements.

**AMBER RIVER GROUP LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in Group Undertakings	12	177,915,393	120,421,948
Property and equipment	14	74,749	16,263
Right-of-use asset	15	404,982	-
Loans receivable	16	5,710,004	5,190,900
Deferred tax assets	17	865,934	726,432
		<b>184,971,063</b>	<b>126,355,603</b>
<b>Current assets</b>			
Trade and other receivables	18	35,378,958	16,526,124
Loans receivable	20	11,050,000	11,050,000
Cash and cash equivalents	19	2,430,737	5,821,194
Current tax debtor		1,083,814	-
		<b>49,943,509</b>	<b>33,397,318</b>
<b>Total assets</b>		<b>234,914,571</b>	<b>159,752,921</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Other financial liabilities	21, 22	(6,620,942)	(8,041,701)
		<b>(6,620,942)</b>	<b>(8,041,701)</b>
<b>Current liabilities</b>			
Trade and other payables	25	(17,936,616)	(9,742,024)
Loans payable	25	(10,000,000)	-
Other financial liabilities	21, 22	(6,779,228)	(8,560,836)
		<b>(34,715,844)</b>	<b>(18,302,860)</b>
<b>Total liabilities</b>		<b>(41,336,786)</b>	<b>(26,344,561)</b>
<b>Net assets</b>		<b>193,577,786</b>	<b>133,408,360</b>
<b>EQUITY</b>			
Called up share capital	29	210,401,030	144,801,030
Retained losses		(16,823,244)	(11,392,670)
<b>Total equity</b>		<b>193,577,786</b>	<b>133,408,360</b>

The financial statements for the Company were approved by the Board of Directors and authorised for issue and signed on its behalf by:



Mr S R Brunt

Director

Date: 28/07/2023

The notes on pages 22 to 59 form an integral part of these financial statements.

AMBER RIVER GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

Group	Called-up Share Capital £	Retained Losses £	Other Reserve £	Total Shareholder Equity £	Non- Controlling Interests £	Total Equity £
<b>At 1 January 2021</b>	50,967,750	(7,983,457)	-	42,984,293	3,984,133	46,968,426
Arising on acquisition of subsidiaries (Note 32)	-	-	-	-	6,323,996	6,323,996
Shares issued during the year (Note 29)	93,833,280	-	-	93,833,280	-	93,833,280
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 as at 31 December 2021</b>	<b>144,801,030</b>	<b>(38,194,308)</b>	<b>-</b>	<b>106,606,722</b>	<b>8,086,100</b>	<b>114,692,822</b>
Arising on acquisition of subsidiaries (Note 32)	-	-	-	-	9,234,331	9,234,331
Shares issued during the year (Note 29)	65,600,000	-	-	65,600,000	-	65,600,000
Initial recognition of Put & Call options (Note 21)	-	-	-	-	(9,564,160)	(9,564,160)
Transfer of Put & Call liability (Note 21)	-	-	18,687,386	18,687,386	21,091,628	39,779,014
Loss and total comprehensive loss for the year	-	(8,144,131)	-	(8,144,131)	29,318	(8,114,813)
<b>Balance as at 31 December 2022</b>	<b>210,401,030</b>	<b>(46,338,439)</b>	<b>18,687,386</b>	<b>182,749,977</b>	<b>28,877,217</b>	<b>211,627,194</b>

Company	Called-up Share Capital £	Retained Losses £	Total Equity £
<b>At 1 January 2021</b>	50,967,750	(513,673)	50,454,077
Shares issued in the year (Note 29)	93,833,280	-	93,833,280
Loss and total comprehensive loss for the year	-	(10,878,997)	(10,878,997)
<b>Balance as at 31 December 2021</b>	<b>144,801,030</b>	<b>(11,392,670)</b>	<b>133,408,360</b>
Shares issued in the year (Note 29)	65,600,000	-	65,600,000
Loss and total comprehensive loss for the year	-	(5,430,574)	(5,430,574)
<b>Balance as at 31 December 2022</b>	<b>210,401,030</b>	<b>(16,823,244)</b>	<b>193,577,786</b>

AMBER RIVER GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		(8,114,814)	(27,896,148)
<b>Loss for the year</b>			
Adjustments for:			
Finance and investment income	6	(45,611)	(14,676)
Finance costs	8	259,531	156,499
Income tax credit	9	965,653	3,938,878
Depreciation of property, plant and equipment	14	393,830	291,386
Depreciation of right-of-use assets	15	721,110	369,969
Amortisation of intangible assets	11	10,455,822	4,615,000
Loss on disposal of assets		182,796	-
Movements in provisions		123,613	39,243
Other losses	7	2,429,964	24,699,554
<b>Operating cash flows before movements in working capital</b>		<b>7,371,895</b>	<b>6,199,705</b>
Increase in trade and other receivables		(16,969,348)	(9,875,187)
Increase in trade and other payables		1,485,823	1,181,403
<b>Cash used in operations</b>		<b>(8,111,630)</b>	<b>(2,494,079)</b>
Income taxes paid		(2,030,048)	(2,333,860)
<b>Net cash used in operating activities</b>		<b>(10,141,678)</b>	<b>(4,827,939)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		45,611	14,676
Purchases of property and equipment	14	(295,402)	(152,330)
Acquisition of subsidiaries	13	(28,664,011)	(40,627,712)
Purchase of intangible assets		(13,697,799)	(6,191,426)
Deferred consideration	21	(14,524,128)	(7,834,854)
<b>Net cash used in investing activities</b>		<b>(57,135,730)</b>	<b>(54,791,646)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal of lease liabilities		(878,575)	(483,426)
Loan notes settled		-	(18,216,159)
Proceeds on issue of ordinary shares		65,600,000	93,833,280
<b>Net cash inflow generated from financing activities</b>		<b>64,721,425</b>	<b>75,133,695</b>
<b>Net increase in cash and cash equivalents</b>		<b>(2,555,983)</b>	<b>15,514,111</b>
Cash and cash equivalents at the start of the period		23,102,674	7,588,563
<b>Cash and cash equivalents at the end of the period</b>		<b>20,546,691</b>	<b>23,102,674</b>

## **AMBER RIVER GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **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 4, Dashwood House, 69 Old Broad Street, London EC2M 1QS. 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 34 at 31 December 2022 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 except for deferred consideration which is recognised at fair value. 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 subsidiary undertakings drawn up to 31 December 2022.

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. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

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

##### **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 when a transaction completes.

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

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### Business combinations (continued)

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 asset or liability resulting from 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 how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

#### 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.

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 access to 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.

In reaching this conclusion the Directors have considered the following:

- the funding requirements of the business under a range of performance scenarios including the expected timing for completion of the current acquisition pipeline and funding commitments on acquisitions made to date; and
- the level of headroom available under existing funding lines; and
- the expectation under funding currently available and financing activities in hand, that the Daffodil Bidco Limited will be able to satisfy the financial covenants applicable to the borrowing facilities with Ares Management Limited; and
- assurances provided by Penta Capital LLP, as investment adviser to Tosca Penta Socium Limited, the ultimate controlling party of the Group to support the business ensuring it maintains adequate solvency and liquidity to enable it to meet its obligations as they fall due.

The Company is dependent on Violet Topco Limited and Daffodil Bidco Limited continuing to provide further funding to meet its future commitments. As at the date of the signing of the financial statements, the total undrawn funding available to Violet Topco Limited and Daffodil Bidco Limited amounted to £67.0m (2021: £132.6m). This is provided through £61.0m (2021: £61.0m) of Investor funding from the Company's ultimate parent company, Violet Topco Limited and a £200m Debt Financing Agreement the Company's parent Daffodil Bidco Limited, has with Ares Management Limited.

The Company has a strong pipeline of future acquisitions, which together with existing future deferred consideration commitments, will require Daffodil Bidco Limited to fully utilise the existing debt facility and to have access to a further £75m facility that has been agreed in principle with Ares Management Limited, and which will be subject to their approval before becoming available. Following on from the multiple rounds of follow-on capital that Ares have provided to date to support acquisitions, the Directors are confident that the further as yet uncommitted funding line of £75m will be secured, closer to the time it is required.

## **AMBER RIVER GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **2.3 Going Concern (continued)**

Daffodil Bidco Limited as parent company of the Group, undertakes sensitivity analyses to assess the impact of severe but plausible scenarios, to determine the headroom against its lending covenants with Ares Management Limited. Under certain stressed projections the Incurrence Test, a measure which determines whether funding within the facility can be drawn, is marginally exceeded. In such a scenario, Daffodil Bidco Limited would be unable to access further debt funding to support the Group until the position is remedied. To forestall this position, and provide further funding headroom to the Group, additional funding lines are being sought that would mitigate the exposure faced by the Group in the event of such a downside scenario being experienced.

Notwithstanding, the Directors confidence on access to further funding becoming available to Daffodil Bidco Limited to then invest in the Company should it be required, under IAS 1 Presentation of Financial Statements Paragraph 25 on Going Concern, the contingent nature of this further funding represents a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Boards of both Daffodil Bidco Limited and Violet Topco Limited are kept regularly updated on the funding requirements of the Company in order that funding support can be made available to meet the needs of the business as required.

#### **2.4 Taxation**

##### **Current tax**

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.

Impairment tests have been conducted for each cash generating unit (CGU) within the group by determining the value-in-use, utilising cash flow projections based on recent financial budgets that have been approved by the Board. The budget projections exclude capital expenditure that improves or enhances the CGU performance and include an allocation of central corporate overheads.

The results of the testing demonstrate that carrying value for one CGU exceeds the value-in-use, therefore impairment of £4.5m has been recognised in the statement of comprehensive income as an administrative expense. For all other CGUs, the value-in-use exceeds the carrying value at the balance sheet date, therefore no impairment is required. Further information on the sensitivity testing of key assumptions, including discount factor and growth rates, is disclosed in Note 11.

#### **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.



## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2.7 Investment in subsidiaries (continued)

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.

#### 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 Company 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	33% straight line
Motor Vehicles	25% straight line
Computer and office equipment	33% straight line
Furniture, Fixtures and Fittings	33% straight line

#### 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 subsequently recognised on the statement of financial position when the Group or Company 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 are classified as amortised costs and comprise 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.

##### 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.

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2.11 Financial Instruments (continued)

##### 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.

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 as lessee

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.

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 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 were initially recognised as a financial liability at fair value and the potential future cash payments to settle the options were 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 have been assessed at each reporting date with the change in value recognised in the statement of comprehensive income.

During the year, an amendment was enacted to the shareholders' agreements, whereby an acquisition or listing of the parent of Amber River Group Limited will also require consent of the board of directors of the Group and not solely the ultimate parent's shareholders. As a consequence of this change in control, the Group no longer has a contractual obligation to deliver cash and therefore the financial liability relating to the shares under option has been derecognised.

The fair value of the option was assessed at the date of the change to the shareholders' agreements with the change in value recognised in the statement of comprehensive income. The value initially recognised as a financial liability has been transferred to non-controlling interests (to offset the initial deduction), with the difference recognised in other reserve in shareholders equity.

#### 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 valuation of the intangible asset includes specific assumptions used covering client attrition, asset growth, client servicing cost and the cost of funding. Accordingly, the identification of these intangible assets is considered to be a critical judgment.

###### 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 at 31 December 2022 of £53,542,622 (2021: £36,376,216) (see note 19) 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 reviews the anticipated level of performance, based on the latest approved financial forecasts, to ensure that the carrying value of the deferred consideration is appropriate. An increase in forecast performance of 10% would increase the fair value of deferred consideration by £2.1m (2021: £0.6m). A reduction in forecast performance of 10% would reduce the fair value of deferred consideration by £3.8m (2021: £1.4m).

###### 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 annual amortisation charge by £5.1m (2021: £3.0m).

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.

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

##### 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 higher of the Value in Use or Enterprise Fair Value. The Value in Use is calculated using the present value of future cash flows expected from each acquisition. Forecast cashflows have been prepared for 2 years (2021: 3 years) with a long-term growth rate of 5% (2021: 5%) applied to year 2 (2021: year 3) and discounted at 15.5% (2021: 14%). The Enterprise Fair Value is calculated assuming an EBITDA multiple of 11.0x for each CGU, less costs of disposal.

The impairment review identified that carrying value for one CGU exceeds the value-in-use, therefore impairment of £4.5m has been recognised in the statement of comprehensive income as an administrative expense. For all other CGUs, the value-in-use exceeds the carrying value at the balance sheet date, therefore no further impairment is required.

The Group has conducted sensitivity analyses of the impairment of each cash generating unit ('CGU') by changing key input assumptions. The assessment considered a reduction to the long-term growth rate to 3%, an increase to the discount rate to 16.5% and a reduction in the EBITDA multiple by 1.0x. The results indicate this scenario would require further goodwill impairment of £3.6m across 4 CGUs.

#### 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 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Annual Improvements to IFRS Standards 2018-2020 (May 2020)

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

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates
Amendments to IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

# **AMBER RIVER GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **3. Turnover**

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

### **4. Operating loss**

Operating loss is stated after charging:

Group	2022 £	2021 £
Depreciation of property and equipment (Note 14)	393,830	291,386
Depreciation of right-of-use assets (Note 15)	721,110	369,969
Amortisation of intangible fixed assets (Note 11)	8,362,940	4,615,000
Impairment of goodwill (Note 11)	2,092,882	-
The analysis of the auditor's remuneration is as follows:		
Fees payable for the audit of the annual statements	140,600	66,250
Audit of the Company's subsidiaries	450,000	217,500
<b>Total audit fees</b>	<b>590,600</b>	<b>283,750</b>
Tax compliance services	-	45,000
Other non-audit services	-	19,080
<b>Total non-audit fees</b>	<b>-</b>	<b>64,080</b>

Other non-audit services for the year ended 31 December 2021 related to the Interim Profit Verification which was completed by Deloitte LLP.

### **5. Employees and Directors**

Group	2022 £	2021 £
Wages and salaries	28,847,593	13,787,428
Social security costs	2,687,737	1,793,036
Other pension costs	2,511,713	977,469
	<b>34,047,044</b>	<b>16,557,933</b>

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

	2022 £	2021 £
Directors	6	5
Hub management	32	25
Advisers	114	97
Administration	408	205
	<b>560</b>	<b>332</b>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**5. Employees and Directors (continued)**

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

	2022	2021
	£	£
Directors	6	5
Administration	28	19
	<u>34</u>	<u>24</u>

**Group and Company**

	2022	2021
	£	£
Directors' remuneration	827,401	718,333
	<u>827,401</u>	<u>718,333</u>

The amount paid in respect of the highest paid director was £351,978 (2021: £325,000). No pension contributions were made in either the current or preceding year.

**6. Finance income**

<b>Group</b>	2022	2021
	£	£
Bank interest	35,078	13,976
Other finance income	10,533	700
	<u>45,611</u>	<u>14,676</u>

**7. Other losses**

<b>Group</b>	2022	2021
	£	£
Fair value (losses)/gains on put and call options (note 22)	(759,447)	19,079,722
Fair value (losses)/ gains on deferred considerations (note 22)	3,189,411	5,619,832
	<u>2,429,964</u>	<u>24,699,554</u>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**8. Finance costs**

**Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on lease liabilities	244,812	149,265
Other interest charges	13,229	7,234
	<b>258,041</b>	<b>156,499</b>

**9. Taxation**

**Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current tax charge	(2,561,650)	(2,032,191)
Current tax prior period adjustment	63,013	(379,737)
Deferred tax credit relating to origination and reversal of temporary difference (see notes 17 & 24)	1,324,455	833,078
Deferred tax effect if change in tax rates	21,864	(2,743,553)
Deferred tax prior period adjustment (see notes 17 & 24)	186,661	383,525
Total tax charge	<b>(965,657)</b>	<b>(3,938,878)</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Loss before taxation</b>	<b>(7,149,161)</b>	<b>(23,957,270)</b>
<b>Tax at the UK corporation tax rate of 19.0%</b>	<b>1,358,341</b>	<b>4,551,881</b>
Effect of expenses that are not tax deductible	(3,610,451)	(2,229,097)
Effect of movement in provisions	1,318,851	(3,443,120)
Fixed asset differences	(336,968)	(883,344)
Deferred tax charge	-	(1,983,404)
Effect of tax rates in different jurisdictions	24,896	44,420
Prior period adjustment	279,674	3,786
<b>Total tax charge</b>	<b>(965,657)</b>	<b>(3,938,878)</b>

# AMBER RIVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 10. 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 loss, as calculated below, is used by the Directors to assess performance as it provides a consistent measure of operating performance.

Group	2022 £	2021 £
<b>Operating loss</b>	<b>(4,323,970)</b>	<b>884,107</b>
Acquisition costs	4,794,145	3,996,042
Development costs	3,954,419	762,520
Depreciation and amortisation	9,477,880	5,374,827
Impairment of goodwill	2,092,882	-
Exceptional retention and one-off bonus costs	1,467,749	-
Redundancy and restructuring	736,028	-
Acquisition related remuneration costs	1,801,106	2,044,243
<b>Adjusted operating profit</b>	<b>20,000,239</b>	<b>13,061,739</b>

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. Exceptional and growth initiative costs are either one-off in nature, or investment spend that the Directors consider to distort the underlying trading performance of the Group.

### 11. Intangible assets

Group	Goodwill £	Client Relationships £	Total £
<b>Cost</b>			
At 1 January 2021	24,132,945	23,617,701	47,750,646
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>
Acquisitions of subsidiaries	37,461,139	26,602,531	64,063,670
Additions	-	23,560,712	23,560,712
<b>At 31 December 2022</b>	<b>107,910,851</b>	<b>139,225,609</b>	<b>247,136,460</b>
<b>Impairment and amortisation</b>			
At 1 January 2021	-	(1,037,860)	(1,037,860)
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>
Impairment/Amortisation charge	(2,092,882)	(8,362,940)	(10,455,822)
<b>At 31 December 2022</b>	<b>(2,092,882)</b>	<b>(14,015,800)</b>	<b>(16,108,682)</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>105,817,969</b>	<b>125,209,809</b>	<b>231,027,778</b>
<b>At 31 December 2021</b>	<b>70,449,712</b>	<b>83,409,507</b>	<b>153,859,219</b>



## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11. Intangible assets (continued)

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 2021	24,132,945
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 Financial Planning 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>
Acquisition of DB Wood Limited	16,251,226
Acquisition of BRB Financial Horizons Limited	533,291
Acquisition of Hugh Davies Associates Limited	6,409,848
Acquisition of Johnston Financial Limited	4,246,535
Acquisition of John Eames Limited	1,856,677
Acquisition of Leodis Wealth Limited	1,790,511
Acquisition of Monahans Financial Services Limited	6,373,052
Impairment of Scrutton Bland Financial Services Limited	(2,092,882)
<b>At 31 December 2022</b>	<b>105,817,969</b>

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 higher of the Value in Use or Enterprise Fair Value. The Value in Use is calculated using the present value of future cash flows expected from each acquisition. Forecast cashflows have been prepared for 2 years (2021: 3 years) with a long-term growth rate of 5% (2021: 5%) applied to year 2 (2021: year 3) and discounted at 15.5% (2021: 14%). The Enterprise Fair Value is calculated assuming an EBITDA multiple of 11.0x for each CGU, less costs of disposal.

The impairment review identified that carrying value for one CGU exceeds the value-in-use, therefore impairment of £4.5m has been recognised in the statement of comprehensive income as an administrative expense. For all other CGUs, the value-in-use exceeds the carrying value at the balance sheet date, therefore no further impairment is required.

The Group has conducted sensitivity analyses of the impairment of each cash generating unit ('CGU') by changing key input assumptions. The assessment considered a reduction to the long-term growth rate to 3%, an increase to the discount rate to 16.5% and a reduction in the EBITDA multiple by 1.0x, the results indicate this scenario would require further goodwill impairment of £3.6m across 4 CGUs.

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.

#### 12. Shares in group undertakings

Company	£
At 1 January 2021	45,556,297
Acquisitions of subsidiaries	74,865,651
<b>At 31 December 2021</b>	<b>120,421,948</b>
Acquisitions of subsidiaries	57,493,445
<b>At 31 December 2022</b>	<b>177,915,393</b>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. Shares in group undertakings (continued)**

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

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
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 Holdings 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 Limited	2021	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Group Limited	Intermediate holding co.		100%

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
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	3rd Floor, Fitzroy House, IP1 3LG	Emery (IFA) Limited	Independent financial advice		80%
Shipman Group Holdings	2021	Michael House, Castle Street, Exeter, Devon, EX4 3LQ	Shipman 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	Amber River 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	1st Floor, Tudor House, GY1 1DB	Shipman Holdings Limited	Investment management		100%

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. Shares in group undertakings (continued)**

<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>
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%
Amber River Investment Solutions LLP	2021	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Limited	Independent financial advice		100%
Shiman Wealth 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%

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
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%
Horsham Green Ltd	2022	Eagle House, 1 Babbage Way, EX5 2FN	Shipman Group Holdings Ltd	Intermediate holding co.		80%
Wildwood Wealth Management Limited		Eagle House, 1 Babbage Way, EX5 2FN	Horsham Green Ltd	Independent financial advice		80%

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
Monahans Holdings Limited	2022	Eagle House, 1 Babbage Way, EX5 2FN	Shipman Group Holdings Ltd	Intermediate holding co.		80%
Monahans Financial Services Limited		Eagle House, 1 Babbage Way, EX5 2FN	Monahans Holdings Ltd	Independent financial advice		80%
Regrowth Holdings Limited	2022	Southam Lane, Cheltenham, GL52 3PB	Amber River Group Ltd	Intermediate holding co.		80%
Hugh Davies Associates Limited		Southam Lane, Cheltenham, GL52 3PB	Regrowth Holdings Limited	Independent financial advice		80%
John Eames Limited	2022	First Floor Mitre House, 44-46 Fleet Street, London, England, EC4Y 1BP	John Eames Ltd	Independent financial advice		80%
White McMullan Barnes Limited	2022	8 Cromac Place, Belfast, Northern Ireland, BT7 2JB	Johnston Campbell Holdings Ltd	Independent financial advice		80%
Amber River N.I. Limited	2022	Waterford House, 32 Lodge Road, Coleraine, BT52 1NB	Johnston Campbell Holdings Ltd	Independent financial advice		80%
Oakland Financial Management Limited	2022	First Floor Mitre House, 44-46 Fleet Street, London, England, EC4Y 1BP	Chancery Financial Planning Holdings Ltd	Independent financial advice		80%
Larkspur Bidco Limited	2022	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Group Ltd	Intermediate holding co.		86%

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
Leodis Wealth Limited	2022	11 Pavilion Business Park, Royds Hall Road, Leeds, LS12 6AJ	Larkspur Bidco Limited	Independent financial advice		86%
Leodis Wealth Financial Planning Limited	2022	11 Pavilion Business Park, Royds Hall Road, Leeds, LS12 6AJ	Leodis Wealth Limited	Independent financial advice		86%
Yorkshire Premier Financial Services Limited	2022	Lancaster House, James Nicolson Link, York, YO30 4GR	Leodis Wealth Limited	Independent financial advice		86%
Wisteria Bidco Limited	2022	Level 13 Broadgate Tower, 20 Primrose Street, EC2A 2EW	Amber River Group Ltd	Independent financial advice		80%
DB Wood Limited	2022	Potterdyke House, 31 - 33 Lombard Street, Newark, NG24 1XG	Wisteria Bidco Limited	Independent financial advice		80%
MLI Advice Limited	2022	Potterdyke House, 31 - 33 Lombard Street, Newark, NG24 1XG	DB Wood Ltd	Independent financial advice		80%
Johnston Financial Limited	2022	49 Northumberland Street, Edinburgh, EH3 6JQ	Jacaranda Bidco Limited	Independent financial advice		80%
Johnston Finance Asset Management Limited	2022	49 Northumberland Street, Edinburgh, EH3 6JQ	Amber River Ltd	Independent financial advice		100%

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
David Foster Holdings Limited	2022	Assurance House Chorley Business & Technology Centre, Euxton Lane, Euxton, Chorley, PR7 6TE	True Bearing (North West) Ltd	Intermediate holding co.		80%
C.H. Jeffries (Pensions & Financial Planning) Ltd		Assurance House Chorley Business & Technology Centre, Euxton Lane, Euxton, Chorley, PR7 6TE	David Foster Holdings Ltd.	Independent financial advice		80%
Delsec Limited	2022	Festival House, 213 Etruria Road, Stoke On Trent, Staffordshire, ST1 5NS	True Bearing (North West) Ltd	Intermediate holding co.		80%
BRB Financial Horizons Limited		Festival House, 213 Etruria Road, Stoke On Trent, Staffordshire, ST1 5NS	Delsec Ltd	Independent financial advice		80%
Bourne Taylor Neville Ltd	2022	1c Tournament Court, Edgehill Drive, Warwick, CV34 6LG	Bourne Taylor Neville Ltd	Independent financial advice		80%
Ian Rankin Limited	2022	Assurance House Chorley Business & Technology Centre, Euxton Lane, Euxton, Chorley, PR7 6TE	True Bearing (North West) Ltd	Independent financial advice		80%



# AMBER RIVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 12. Shares in group undertakings (continued)

Name of undertaking	Year	Registered office	Immediate parent company	Nature of Business	% held Direct	% held Indirect
Earnshaw Consultants Ltd	2022	Cadman House, 2 Wharf Road, Sale, England, M33 2AF	Earnshaw Wealth Management Ltd	Independent financial advice		80%
Earnshaw Wealth Management Ltd	2022	Cadman House, 2 Wharf Road, Sale, England, M33 2AF	True Bearing (North West) Ltd	Independent financial advice		80%

### 13. Acquisition of subsidiary undertakings

On 5 January 2022, the Group acquired 80% of the issued share capital of Monahans Holdings Limited and its subsidiary undertakings, a company incorporated in England & Wales. Monahans Holdings Limited acts as an intermediate holding company within the Group. Monahans Holdings Limited controls 100% of Monahans Financial Services Limited, also incorporated in England & Wales. The investment was £13.6m and the initial consideration was £8.6m.

On 21 January 2022, the Group acquired 80% of the issued share capital of Regrowth Holdings Limited and its subsidiary undertakings, a company incorporated in England & Wales. Regrowth Holdings Limited acts as an intermediate holding company within the Group. Regrowth Holdings Limited controls 100% of Hugh Davies Associates Limited, also incorporated in England & Wales. The investment was £7.6m and the initial consideration was £4.5m.

On 1 February 2022, the Group acquired 80% of the issued share capital of John Eames Limited, a company registered in England & Wales. The investment was £6.0m and the initial consideration was £4.7m.

On 29 June 2022, the Group acquired 80% of the issued share capital of Leodis Wealth Limited and its subsidiary undertakings, a company incorporated in England & Wales. Leodis Wealth Limited controls 100% of Leodis Wealth Financial Planning Limited and Yorkshire Premier Financial Services Limited, both also incorporated in England & Wales. The investment was £2.3m and the initial consideration was £1.4m.

On 1 July 2022, the Group acquired 80% of the issued share capital of D B Wood Limited and its subsidiary undertakings, a company incorporated in England & Wales. D B Wood Limited controls 100% of MLI Advice Limited, both also incorporated in England & Wales. The investment was £19.2m and the initial consideration was £13.6m.

On 18 July 2022, the Group acquired 80% of the issued share capital of Johnston Financial Limited, a company incorporated in England & Wales. The investment was £6.9m and the initial consideration was £4.7m.

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Acquisition of subsidiary undertakings (continued)**

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.

	<b>Group</b>	
	<b>Book Value</b>	<b>Provisional fair value to the Group</b>
	<b>£</b>	<b>£</b>
<b>Non-Current Assets</b>		
Intangible assets	-	26,602,531
Property and equipment	590,123	598,865
Right-of-use assets	-	388,088
	<b>590,123</b>	<b>27,589,483</b>
<b>Current Assets</b>		
Trade & other receivables	1,717,477	1,790,329
Cash and cash equivalents	9,895,411	9,948,807
	<b>11,612,889</b>	<b>11,739,137</b>
<b>Total Assets</b>	<b>12,203,012</b>	<b>39,328,620</b>
<b>Non-Current Liabilities</b>		
Deferred tax	(59,656)	(6,607,789)
Loan	-	-
Loan Notes	-	-
Other financial liabilities	-	-
	<b>(59,656)</b>	<b>(6,607,789)</b>
<b>Current Liabilities</b>		
Taxation	(1,121,017)	(1,121,017)
Trade and other payables	(1,558,232)	(1,690,978)
Other financial liabilities	(446,500)	(253,216)
Lease liabilities	-	(450,703)
	<b>(3,125,749)</b>	<b>(3,515,914)</b>
<b>Total Liabilities</b>	<b>(3,185,405)</b>	<b>(10,123,703)</b>
<b>Net Assets</b>	<b>9,017,606</b>	<b>29,204,916</b>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Acquisition of subsidiary undertakings (continued)**

<b>NET ASSETS</b>	<b>£</b>
Net Assets	29,204,916
Goodwill	37,461,139
Non-controlling interest	(9,234,331)
	<b>57,431,724</b>
<b>Satisfied by:</b>	
Cash	38,855,077
Fair value of deferred consideration	18,818,907
	<b>57,673,984</b>
<b>Net cash outflow on acquisition</b>	
Cash consideration	38,612,817
Less: cash and cash equivalents acquired on acquisition	(9,948,807)
	<b>28,664,010</b>

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	13,182,127
Profit for the period	4,410,802
<b>Contribution if acquisition completed on 1 January 2022</b>	
Turnover	18,477,818
Profit for the period	5,961,921

Had the acquisitions been completed on 1 January 2022, group revenue would have increased by £5.3m to £79.3m and the group loss would have reduced by £1.5m to £6.6m.

The deferred consideration on the acquired subsidiaries during 2022, 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 £37.5m 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 £4.8m (note 10), which also includes costs relating to asset purchases completed during the year.

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property and equipment

Group	Leasehold Improvements £	Motor Vehicles £	Computer & Office Equipment £	Furniture, Fixtures & Fittings £	Total £
<b>Cost</b>					
At 1 January 2021	227,668	-	355,148	122,937	705,753
Acquisition of subsidiaries	202,798	114,190	318,188	1,015,747	1,650,923
Additions	-	25,767	14,131	112,432	152,330
Disposals	(9,758)	(50,000)	(190,131)	(97,538)	(347,427)
<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>
Acquisition of subsidiaries	60,547	475,937	131,800	648,621	1,316,905
Additions	263,215	89,610	1,029,245	438,639	1,820,709
Disposals	-	(518,927)	(560,478)	(1,648,659)	(2,728,064)
<b>At 31 December 2022</b>	<b>744,470</b>	<b>136,577</b>	<b>1,097,903</b>	<b>592,179</b>	<b>2,571,129</b>
<b>Depreciation</b>					
At 1 January 2021	87,051	-	251,476	87,313	425,840
Acquisition of subsidiaries	65,048	54,931	215,787	736,771	1,072,537
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>
Acquisition of subsidiaries	18,494	18,400	119,040	562,106	718,040
Disposals	(2)	11,445	36,242	(1,192,743)	(1,145,058)
Charge for the year	83,261	26,412	157,460	126,697	393,830
<b>At 31 December 2022</b>	<b>310,779</b>	<b>66,600</b>	<b>730,593</b>	<b>365,332</b>	<b>1,473,304</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>433,691</b>	<b>69,977</b>	<b>367,310</b>	<b>226,847</b>	<b>1,097,825</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>

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property and equipment (continued)

Company	Computer & Office Equipment £	Furniture, Fixtures & Fittings £	Total £
<b>Cost</b>			
At 1 January 2021	24,150	3,825	27,975
Additions	6,501	-	6,501
<b>At 31 December 2021</b>	<b>30,651</b>	<b>3,825</b>	<b>34,476</b>
Additions	16,848	62,406	79,254
Disposals	-	-	-
<b>At 31 December 2022</b>	<b>47,499</b>	<b>66,231</b>	<b>113,730</b>
<b>Depreciation</b>			
At 1 January 2021	7,012	1,169	8,181
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>
Disposals	-	-	-
Charge for the year	11,782	8,986	20,768
<b>At 31 December 2022</b>	<b>27,551</b>	<b>11,430</b>	<b>38,981</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>19,948</b>	<b>54,801</b>	<b>74,749</b>
<b>At 31 December 2021</b>	<b>14,882</b>	<b>1,381</b>	<b>16,263</b>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Right-of-use assets**

**Group**

	Property £	Motor Vehicles £	Total £
<b>Right-of-use assets</b>			
<b>Cost</b>			
At 1 January 2021	462,367	-	462,367
Acquisition of Subsidiaries	951,125	-	951,125
Reclassification	287,994	-	287,994
Additions	1,036,221	-	1,036,221
<b>At 31 December 2021 (restated)</b>	<b>2,737,707</b>	<b>-</b>	<b>2,737,707</b>
Acquisition of Subsidiaries	891,146	-	891,146
Additions	1,883,614	478,608	2,362,222
Disposals	(510,232)	-	(510,232)
<b>At 31 December 2022</b>	<b>5,002,235</b>	<b>478,608</b>	<b>5,480,843</b>
<b>Depreciation</b>			
At 1 January 2021	135,656	-	135,656
Acquisition of Subsidiaries	336,437	-	336,437
Reclassification	287,994	-	287,994
Charge for the year	369,969	-	369,969
<b>At 31 December 2021 (restated)</b>	<b>1,130,056</b>	<b>-</b>	<b>1,130,056</b>
Acquisition of Subsidiaries	503,049	-	503,049
Disposals	(403,962)	80,541	(323,421)
Charge of the year	575,804	145,306	721,110
<b>At 31 December 2022</b>	<b>1,804,947</b>	<b>225,847</b>	<b>2,030,794</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>3,197,288</b>	<b>252,761</b>	<b>3,450,049</b>
<b>At 31 December 2021</b>	<b>1,607,651</b>	<b>-</b>	<b>1,607,651</b>

The Group leases fourteen 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.

A reclassification of £287,994 has been made between cost and accumulated depreciation to gross up the opening balances, where the respective right-of-use asset balances, had been incorrectly netted off in a prior year. There has been no change to the net book value as a result of this, at 31 December 2021.

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Right-of-use assets (continued)**

**Company**

	Property £	Total £
<b>Right-of-use assets</b>		
<b>Cost</b>		
At 31 December 2021	-	-
Additions	500,899	500,899
At 31 December 2022	500,899	500,899
<b>Depreciation</b>		
At 31 December 2021	-	-
Charge of the year	95,917	95,917
At 31 December 2022	95,917	95,917
<b>Net book value</b>		
At 31 December 2022	404,982	404,982
At 31 December 2021	-	-

Right-of-use assets in the Company relates to a significant lease for office space, with monthly fixed lease payments of £12,591 per month.

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

<b>Group</b>	<b>2022</b>	<b>2021</b>
	£	£
Depreciation expense of right-of-use assets	575,804	369,969
Interest expense on lease liabilities	244,812	149,265
Expenses relating to short term leases	1,070,068	482,985
Expenses relating to low value assets	41,147	357,664
<b>Company</b>	<b>2022</b>	<b>2021</b>
	£	£
Depreciation expense of right-of-use assets	95,917	-
Interest expense on lease liabilities	30,507	-
Expenses relating to short term leases	201,497	-
Expenses relating to low value assets	-	-

**16. Loans receivable (non-current)**

	<b>2022</b>	<b>2021</b>
	£	£
<b>Company</b>		
Loan notes	4,983,280	4,983,280
Cumulative interest and similar income	726,724	207,680
At 31 December 2022	5,710,004	5,190,960

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**17. Deferred tax asset**

	Group £	Company £
<b>At 1 January 2021</b>	252,851	251,392
Credit to the income statement	40,078	-
Recognition of tax losses	72,930	72,930
Prior year adjustment	365,852	402,110
<b>At 31 December 2021</b>	<b>731,711</b>	<b>726,432</b>
Credit to the income statement	158,189	158,189
Prior year adjustment	(5,279)	-
<b>At 31 December 2022</b>	<b>884,621</b>	<b>884,621</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.

**18. Trade and other receivables**

**Group**

	2022 £	2021 £
Trade debtors	1,462,836	1,109,897
Amounts owed by parent company	29,070,145	12,521,193
Prepayments	1,656,813	658,276
Accrued Income	3,225,159	1,045,796
Other Debtors	2,541,862	3,324,072
	<b>37,956,815</b>	<b>18,659,234</b>

**Company**

	2022 £	2021 £
Amounts owed by group undertakings	33,269,210	3,164,985
Amounts owed by parent company	1,201,795	12,521,193
Prepayments	104,997	34,336
Other debtors	802,956	805,610
	<b>35,378,958</b>	<b>16,526,124</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 (2021: £nil) for trade receivables from contracts with customers or amounts owed by group undertakings and amounts owed by parent company 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.



**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**19. Cash and cash equivalents**

**Group**

	2022 £	2021 £
Bank and cash balances	20,546,690	23,102,674
	<b>20,546,690</b>	<b>23,102,674</b>

**Company**

	2022 £	2021 £
Bank and cash balances	2,430,737	5,821,194
	<b>2,430,737</b>	<b>5,821,194</b>

**20. Loans receivable (Current asset)**

**Group**

	2022 £	2021 £
Other group undertakings	10,900,000	10,900,000
	<b>10,900,000</b>	<b>10,900,000</b>

**Company**

	2022 £	2021 £
Daffodil Bidco Limited	10,900,000	10,900,000
True Bearing Limited	150,000	150,000
	<b>11,050,000</b>	<b>11,050,000</b>

**21. Other financial liabilities**

Other financial liabilities represent deferred consideration on acquisitions and the fair value of put and call options as set out in Note 13 and Note 2.12 respectively.

**Group**

	Put & Call Options £	Deferred consideration £	Total £
At 1 January 2021	7,357,847	10,729,356	18,087,203
Acquisition of subsidiaries	4,536,732	25,492,438	30,029,170
Addition in the year	-	2,369,444	2,369,444
Fair value losses	19,079,722	5,619,832	24,699,554
Settled in the 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>
Acquisition of subsidiaries	9,564,160	28,247,908	37,812,068
Addition in the year	-	253,216	253,216
Fair value losses/ (gains)	(759,447)	3,189,410	2,429,963
Transfer to NCI	(21,091,627)	-	(21,091,627)
Transfer to Other Reserve	(18,687,386)	-	(18,687,386)
Settled in the year	-	(14,524,128)	(14,524,128)
<b>At 31 December 2022</b>	<b>-</b>	<b>53,542,622</b>	<b>53,542,622</b>
Amounts due:			
Within one year	-	24,901,819	24,901,819
After more than one year	-	28,640,803	28,640,803
	<b>-</b>	<b>53,542,622</b>	<b>53,542,622</b>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**21. Other financial liabilities (continued)**

The fair value of the Put & Call options was assessed at the date of the change to the shareholders' agreements with the change in value recognised in the statement of comprehensive income. On derecognition, the value initially recognised as a financial liability has been transferred to non-controlling interests (to offset the initial deduction), with the difference recognised in other reserve in shareholders equity.

<b>Company</b>	<b>Deferred consideration £</b>
At 1 January 2021	10,729,356
Acquisition of subsidiaries	7,403,224
Fair value losses	3,291,295
Settled in the year	(4,821,338)
<b>At 31 December 2021</b>	<b>16,602,537</b>
Acquisition of subsidiaries	3,163,544
Fair value gains	(575,781)
Settled in the year	(6,195,627)
<b>At 31 December 2022</b>	<b>12,994,673</b>
<b>Amounts due:</b>	
Within one year	6,659,783
After more than one year	6,334,890
	<b>12,994,673</b>

**22. Lease liabilities**

<b>Group</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Maturity analysis</b>		
Year 1	1,119,440	517,745
Year 2	1,062,700	438,906
Year 3	1,075,160	339,915
Year 4	669,839	276,690
Year 5	378,552	243,990
Year 6	124,300	177,299
Year 7	107,550	80,000
Year 8	90,800	80,000
Year 9	68,400	80,000
	<b>4,696,741</b>	<b>2,234,545</b>
Less: unearned interest	(881,552)	(480,256)
	<b>3,815,189</b>	<b>1,754,289</b>
<b>Analysed as:</b>		
Current	814,384	379,456
Non-Current	3,000,805	1,374,833
	<b>3,815,189</b>	<b>1,754,289</b>

# AMBER RIVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 22. Lease liabilities (continued)

Company	2022 £	2021 £
<b>Maturity analysis</b>		
Year 1	151,092	-
Year 2	151,092	-
Year 3	151,092	-
Year 4	12,591	-
Year 5	-	-
	<b>465,867</b>	<b>-</b>
Less: unearned interest	(60,370)	-
	<b>405,497</b>	<b>-</b>
<b>Analysed as:</b>		
Current	119,445	-
Non-Current	286,052	-
	<b>405,497</b>	<b>-</b>

The Group has the following significant leases.

Group	Type of lease	Lease payments in period
Emery (IFA) Limited	Property/Office space	34,500
Johnston Campbell Limited	Property/Office space	80,000
Chancery Financial Planning LLP	Property/Office space	40,743
Premier Financial Management Limited	Property/Office space	85,240
BKD Wealth Management Limited	Property/Office space	28,000
Shipman Wealth Management Limited	Property/Office space	85,272
Whichers IFA Limited	Property/Office space	24,225
Wealth Solutions (UK) Limited	Property/Office space	65,200
True Bearing Limited	Property/Office space	78,718
Amber River Group Limited	Property/Office space	125,910
Hugh Davies Associates Limited	Property/Office space	44,900
DB Wood Limited	Property/Office space and Motor Vehicles	132,338
Ian Rankin Limited	Property/Office space	19,446
BRB Financial Horizons Ltd	Property/Office space	11,167
DMA Financial Planning Limited	Property/Office space	11,191
Earnshaw Wealth Management Ltd	Property/Office space	4,225
Amber River N.I. Limited	Property/Office space	7,200

### 23. Provisions

Group	Dilapidations £	Clawbacks £	Other £	Total £
<b>Cost</b>				
At 1 January 2021	5,000	29,811	-	34,811
Transfer from accruals	-	-	-	-
Additional provision	-	39,243	-	39,243
<b>At 31 December 2021</b>	<b>5,000</b>	<b>69,054</b>	<b>-</b>	<b>74,054</b>
Charge to income statement	-	66,345	25,000	91,345
Additional provision	-	4,350	27,918	32,268
<b>At 31 December 2022</b>	<b>5,000</b>	<b>139,749</b>	<b>52,918</b>	<b>197,667</b>

The dilapidations provision is based on the future expected repair costs required to restore one of the Group's leased buildings 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.

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**24. Deferred tax liabilities**

Group	Fixed asset timing differences £	Intangible assets £	Total £
At 1 January 2021	7,349	4,290,220	4,297,569
Acquisitions of subsidiaries	37,627	11,386,051	11,423,678
(Credit)/ charge in the period	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	(17,673)	-	(17,673)
<b>At 31 December 2021</b>	<b>51,998</b>	<b>17,675,060</b>	<b>17,727,058</b>
Acquisitions of subsidiaries	60,490	6,546,096	6,606,586
(Credit)/ charge in the period	25,735	(1,318,851)	(1,293,116)
Effect of change in tax rate	(9,347)	-	(9,347)
Recognition of tax losses	-	-	-
Prior period adjustment	(103,011)	-	(103,011)
<b>At 31 December 2022</b>	<b>25,865</b>	<b>22,902,305</b>	<b>22,928,170</b>

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	2022 £	2021 £
Trade creditors	581,253	600,993
Other taxation and social security	761,372	450,298
Other creditors	466,565	1,570,952
Deferred remuneration accrual	1,841,053	970,353
Other accruals	5,447,397	1,839,089
	<b>9,097,640</b>	<b>5,431,685</b>
Company	2022 £	2021 £
Trade creditors	98,389	291,839
Amounts owed to group undertakings	25,147,081	7,782,124
Other taxation and social security	185,897	98,399
Other creditors	22,437	1,127
Deferred remuneration accrual	1,841,053	970,353
Other accruals	641,759	598,182
	<b>27,936,616</b>	<b>9,742,024</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.

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

2022	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>Assets</b>				
Cash and cash equivalents	-	20,546,690	-	20,546,690
Trade and other receivables	-	47,200,001	1,656,813	48,856,814
Deferred tax asset	-	-	884,621	884,621
Other non-financial assets	-	-	235,575,652	235,575,652
<b>Total Assets</b>	-	<b>67,746,692</b>	<b>238,117,086</b>	<b>305,863,778</b>
<b>Liabilities</b>				
Borrowings	-	-	-	-
Deferred consideration	53,542,622	-	-	53,542,622
Put and Call option	-	-	-	-
Deferred tax liability	-	-	22,928,171	22,928,171
Trade, other payables and other liabilities	-	17,765,791	-	17,765,791
<b>Total Liabilities</b>	<b>53,542,622</b>	<b>17,765,791</b>	<b>22,928,171</b>	<b>94,236,584</b>

26. Financial instruments (continued)

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>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>

**AMBER RIVER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**26. Financial instruments (continued)**

**Company**

	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>2022</b>				
<b>Assets</b>				
Cash and cash equivalents	-	2,430,737	-	2,430,737
Trade and other receivables	-	52,033,965	104,997	52,138,962
Deferred tax asset	-	-	865,934	865,934
Other non-financial assets	-	-	178,395,124	178,395,124
<b>Total Assets</b>	-	<b>54,464,702</b>	<b>179,366,055</b>	<b>233,830,757</b>
<b>Liabilities</b>				
Deferred consideration	12,994,673	-	-	12,994,673
Deferred tax liability	-	-	-	-
Trade, other payables and other liabilities	-	27,258,298	-	27,258,298
<b>Total Liabilities</b>	<b>12,994,673</b>	<b>27,258,298</b>	-	<b>40,252,971</b>

**Company**

	Fair value	Amortised Cost	Non- financial assets and Liabilities	Total
	£	£	£	£
<b>2021</b>				
<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>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>

See above for details of the valuation techniques applied to deferred consideration and impact of sensitivities performed.

**Reconciliation of level 3 fair value measurements**

Deferred consideration and Put & Call estimates 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 £3.8m (2021: £1.4m).

The fair value of the Put & call options was assessed at the date of the change to the shareholders' agreements with the change in value recognised in the statement of comprehensive income. The value initially recognised as a financial liability has been transferred to non-controlling interests (to offset the initial deduction), with the difference recognised in other reserve in shareholders equity. A 2x increase in assumed EBITDA multiple, in the fair value assessment at the date of the change to the shareholder's agreement, would increase the loss recognised in the statement of comprehensive income by £7.6m (2021: £5.5m).

AMBER RIVER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial instruments (continued)

Group	Deferred consideration £	Put & call options £	Total £
Total liabilities at 1 January 2021	10,729,356	7,357,847	18,087,203
Acquisitions of subsidiaries	25,492,438	4,536,732	30,029,170
Addition during the year	2,369,443	-	2,369,443
Total losses in profit and loss	5,619,833	19,079,722	24,699,555
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>
Acquisitions of subsidiaries	28,247,908	9,564,160	37,812,068
Addition during the year	253,216	-	253,216
Total gains and losses in profit and loss	3,189,410	(759,447)	2,429,963
Transferred to Equity	-	(21,091,627)	(21,091,627)
Transferred to Other Reserve	-	(18,687,386)	(18,687,386)
Total settled in the year	(14,524,128)	-	(14,524,128)
<b>Total liabilities at 31 December 2022</b>	<b>53,542,622</b>	<b>-</b>	<b>53,542,622</b>

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

**Maturity analysis**

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

Group	2022 £	2021 £
<b>Maturity analysis</b>		
Year 1	34,813,843	23,489,686
Year 2	20,113,281	11,585,058
Year 3	10,281,032	39,410,680
Year 4	582,241	51,066
Over 4 years	665,053	-
	<b>66,455,450</b>	<b>74,536,490</b>

Company	2022 £	2021 £
<b>Maturity analysis</b>		
Year 1	34,715,844	17,576,429
Year 2	5,303,241	5,093,778
Year 3	1,305,204	2,947,923
Year 4	12,497	-
Over 4 years	-	-
	<b>41,336,786</b>	<b>25,618,130</b>

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 2022 (2021: £nil).

The Group's exposure of credit risk comprises 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. See note 2.3.

##### Market risk

##### Price risk

The Group is exposed to price risk from markets 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 2022 as a result of the Russia/Ukraine conflict, cost of living crisis and rising inflation 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 global stock market falls and UK gilt yield increases 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.

The impact of broader global climate change challenges is primarily limited to secondary financial market impacts, as the principal activities of the Group 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

##### 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 2021.

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.



## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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.

Tosca Penta Socium Limited provides financial support through its ownership of the preference shares in issue and is the controlling Company. For further details of the Company see note 31.

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

	2022 Purchase of Services £	2021 Purchase of Services £
<b>Penta Capital LLP</b>		
S Scott and C L Schrager Von Altshofen are partners of Penta Capital LLP	130,410	214,841
<b>Buchanan Shearer LLP</b>		
D J B Shearer is a partner in Buchanan Shearer LLP	94,363	84,272

There were no amounts owing or due from related parties as at 31 December 2022 or 31 December 2021.

#### Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group was £827,400 in aggregate (2021: £718,333) which related entirely to short term employee benefits.

#### 29. Called-up Share capital

	Authorised Number	Allotted Number	Called-up and fully paid £
<b>Balance as 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 as at 31 December 2021</b>	<b>144,801,030</b>	<b>144,801,030</b>	<b>144,801,030</b>
Ordinary shares of £1.00 issued in the year	65,600,000	65,600,000	65,600,000
<b>Balance at 31 December 2022</b>	<b>210,401,030</b>	<b>210,401,030</b>	<b>210,401,030</b>

A total of 65,600,000 (2021: 93,833,280) shares were issued during the year at £1.00 (2021: £1.00) each

The rights attached to the shares are set out below:

- (i) 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.
- (ii) The ordinary shares have the right, as respects dividends, to participate in a distribution.
- (iii) The ordinary shares have the right, as respects capital, to participate in distribution (including on winding up).
- (iv) The ordinary shares are not to be redeemed or liable to be redeemed at the option of the company or the shareholders.

# AMBER RIVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 30. Reconciliation of financing liabilities

Group	Lease Liabilities £
At 1 January 2021	(337,224)
Cashflow	483,426
Acquired with Subsidiaries	(710,891)
Settled in period	-
Addition in lease liabilities	(1,040,335)
Non-Cash movements	(149,265)
<b>At 31 December 2021</b>	<b>(1,754,289)</b>
Cashflow	878,575
Acquired with Subsidiaries	(450,703)
Settled in period	-
Addition in lease liabilities	(2,229,243)
Non-Cash movements	(259,531)
<b>At 31 December 2022</b>	<b>(3,815,191)</b>

Non-cash movements represent interest accrued in the year.

### 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.

### 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.

	2022 £	2021 £
Current assets	87,671,088	49,326,093
Non-current assets	141,097,222	62,787,223
Current liabilities	(70,482,942)	(33,612,780)
Non-current liabilities	(24,686,102)	(13,004,760)
<b>Net assets</b>	<b>133,599,266</b>	<b>65,495,776</b>
Equity attributable to owners of the Company	104,722,049	57,409,676
Non-controlling interests	28,877,217	8,086,100
<b>Net assets</b>	<b>133,599,266</b>	<b>65,495,776</b>
<b>Revenue</b>	<b>55,980,062</b>	<b>33,860,562</b>
<b>Profit for the year</b>	<b>178,678</b>	<b>11,573,518</b>
Profit attributable to owners of the Company	149,360	9,258,815
Profit attributable to the non-controlling interests	29,318	2,314,704
<b>Profit for the year</b>	<b>178,678</b>	<b>11,573,519</b>

## AMBER RIVER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 33. Events after the reporting period

The Group has acquired further businesses since 31 December 2022 and to the date of this report.

Company Acquired	Date	Location	% Acquired
Roger Thornett Limited	20/01/2023	Henley-on-Thames, Berkshire	100%
Campbell & McConnachie Limited	20/01/2023	Lossiemouth, Scotland	80%
H B Cranfield Wealth Management Limited	31/01/2023	Poundbury, Dorchester	100%
SFIA 2020 Limited	28/02/2023	Maidenhead, Berkshire	80%
Barrington Jarvis Limited	03/03/2023	Newcastle, Staffordshire	100%

Additionally, the Group has exchanged contracts to acquire a further businesses since 31 December 2022 and to the date of this report.

Contracts Exchanged	Date	Location	% Acquired
TAM Financial Ltd	07/02/2023	London	65%
Succeed Wealth Management Limited	03/07/2023	Belfast	100%
L-Life Limited	04/07/2023	Blairgowrie	100%
Calum J Yuill Limited	04/07/2023	Taunton	100%

Since 31 December 2022 and until the date of this report, the Group has issued share capital to its parent company Daffodil Bidco Limited generating total proceeds of £3.6m to help fund these acquisitions.

#### 34. Subsidiary company audit exemption

The subsidiary companies in note 12 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 2022 for the following subsidiary companies until they are satisfied in full:

Company	Registration Number	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	9645821	Provision of financial advice	80%
ERD (Financial Solutions) Limited	7123652	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	3971374	Intermediate holding company	80%
MWFS Limited	2832360	Provision of financial advice	80%
Kingsley Wealth Solutions Limited	11068427	Provision of financial advice	80%
Whichers IFA Limited	3586741	Provision of financial advice	80%
Socium Group Nominee Limited	12994663	Intermediate holding company	100%
Wisteria Bidco Limited	13845085	Intermediate holding company	80%
Regrowth Holdings Limited	5776770	Intermediate holding company	80%
White McMullan Barnes Limited	NI633973	Provision of financial advice	80%
Jacarandra Bidco Limited	13845078	Intermediate holding company	80%
Johnston Financial Asset Management Limited	SC663218	Provision of financial advice	100%
Larkspur Bidco Limited	13845083	Intermediate holding company	86%
Leodis Wealth Financial Planning Limited	11950679	Provision of financial advice	86%
Horsham Green Limited	10393443	Intermediate holding company	80%
Monahans Holdings Limited	11160391	Intermediate holding company	80%
David Foster Holdings Limited	5577437	Intermediate holding company	80%
Delsec Limited	4161084	Intermediate holding company	80%
Earnshaw Wealth Management Limited	10326980	Intermediate holding company	80%
Maple Leaf Bidco Limited	14023668	Intermediate holding company	100%
CM Bidco Limited	14368916	Intermediate holding company	100%

#### 35. Commitments

The company's investment in shares in subsidiaries of £177,915,393 (2021: £120,421,948) have been provided as security to the Ares Management Limited in respect of the immediate parent company, Daffodil Bidco Limited's, borrowings.