

Kane Bidco Limited

Condensed Consolidated Interim Financial Statements

For the nine months ended 30 September 2024

Jersey Registered Number: 137782

Kane Bidco Limited

Condensed Consolidated Interim Financial Statements for the three months ended 30 September 2024

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Kane Bidco Limited

Directors and advisers for the three months ended 30 September 2024

Directors

Rebecca Hunter
Jodi Balfe

Company Secretary

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Kane Bidco Limited

Interim management report for the three months ended 30 September 2024

Introduction

Kane Bidco Limited (“the Company”) is the sole equity investor in True Potential Group Limited, the parent company of the True Potential Group (“TPG”). These condensed consolidated interim financial statements for the three month period ended 30 September 2024 comprise the Kane Bidco Group (“the Group”, “KBG”) representing the consolidated group of the Company and TPG. The Group’s principal activities are the provision of financial advisory, investment management services and support services to retail investors and financial advisers.

The purpose of these statements is to show the financial performance and the financial position of the Group for the three month period ended 30 September 2024.

Kane Bidco Group business review

The Group recorded £1.1 billion gross inflows during the three months ended on 30 September 2024 (three month period ended 30 September 2023: £1.6 billion). Total inflows for the nine month period ended 30 September 2024 were £3.9 billion (nine month period ended 30 September 2023: £4.7 billion).

The client service proposition continues to be innovated by our in-house development team, who build client focused technology and provide support for financial advisers, encouraging direct gross inflows. Asset inflows through financial advisers and directly from clients resulted in £32.4 billion of client assets on the True Potential Platform as of 30 September 2024 (30 September 2023: £25.7 billion) and £30.0 billion of assets under management within True Potential Investments own funds (30 September 2023: £23.5 billion).

The Group generated gross revenue of £121.8 million in the three month period ended 30 September 2024 (three month period ended 30 September 2023: £104.2 million). The Group generated gross revenue of £377.6 million in the nine months ended 30 September 2024 (nine months ended 30 September 2023: £300.8 million).

The Kane Bidco Group generated earnings before interest, taxes, depreciation and amortisation (“EBITDA”) for the three and nine months period to 30 September 2024 of £61.6 million and £207.9 million respectively, (three and nine months period ending 30 September 2023: £53.0 million and £160.2 million). This resulted in a profit before taxation in the three and six month periods ended 30 September 2024 with a profit before taxation of £18.5 million and £82.7 million respectively, (three and nine months ending 30 September 2023: £18.1 million and £62.7 million respectively).

The Group recorded a total of 2,704,117 client logins, with 2,240,059 of those being through our True Potential app in the nine months ending 30 September 2024. This high level of engagement also led to sales directly to clients, with 12,008 top ups through our unique impulseSave® technology to the value of £51.4 million in 2024 to date. Clients transferred a further 2,951 policies through our Digital Direct Offer process.

The Group support standards for clients remained high, with our Customer Care team answering 34,684 phone calls, 9,434 live chats and 8,278 emails over the three months ended 30 September 2024 (47,538 phone calls, 16,942 live chats and 16,054 respectively for the three months ended 30 September 2023). Our average answer time was 65 seconds (three months ended 30 September 2023: 44 seconds) for phone calls. As a result of our levels of service, we maintained our ‘Excellent’ rating on Trustpilot and our rating on Google Reviews of 4.9 out of 5.

Finally, our charitable work continued over the quarter with staff raising money for great causes including The Chronicle Sunshine Fund and Motor Neurone Disease Association.

Kane Bidco Limited

Interim management report for the three months ended 30 September 2024 *(continued)*

Principal risks and uncertainties

The principal risks and uncertainties identified by Management in the most recent annual financial statements continue to be prevalent in the current reporting period. The Group contains FCA regulated subsidiaries offering wealth management advice, investment management and fund administration. Robust systems of control are implemented within regulated subsidiaries to ensure ongoing compliance with regulatory requirements. Management continues to engage with the regulator on a variety of topics which are relevant to the Group to help navigate the changing and complex regulatory environment.

The Group continues to hold significant external debt and complies with debt covenants, giving credit risks arising on borrowings. Management closely monitor covenant compliance and borrowing levels, utilising cash flow forecasting to ensure that the associated risks are managed appropriately. Management are confident that the Group has sufficient liquidity to service its external borrowings and is well-positioned to utilise available facilities to continue expanding the business.

Impairment of assets

The Group holds significant intangible and tangible asset balances including goodwill, brand, customer relationships, client onboarding costs and property, plant and equipment. Impairment of some non-current assets is a critical accounting estimate with related key judgements discussed in more detail within the Notes to the financial statements. Management review indefinite-life intangible assets for impairment at least annually. Goodwill and other assets are reviewed for impairment on an ad hoc basis where potential indicators of impairment exist. Management have determined that no such impairment indicators exist up to the date of signing the interim financial statements. No detailed impairment review has been completed in the preparation of the financial statements.

On behalf of the Board



Rebecca Hunter
Director

22 November 2024

Kane Bidco Limited
Jersey Registered Number: 137782

Kane Bidco Limited

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the condensed interim financial statements for the nine months ended 30 September 2024 in accordance with applicable law and regulation.

The Directors can confirm that these condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

On behalf of the Board



Rebecca Hunter
Director
22 November 2024

Kane Bidco Limited
Jersey Registered Number: 137782

Kane Bidco Limited

Condensed Consolidated Statement of Comprehensive Income for the three months ended 30 September 2024

	Note	Three months to 30 September 2024 (unaudited) £'000	Nine months to 30 September 2024 (unaudited) £'000	Three months to 30 September 2023 (unaudited) £'000	Nine months to 30 September 2023 (unaudited) £'000
Revenue	4	121,765	377,569	104,150	300,804
Fee expenses	5	(39,311)	(113,150)	(32,569)	(94,161)
Net revenue		82,454	264,419	71,581	206,643
Total administrative expenses	6	(41,535)	(115,916)	(36,331)	(97,767)
Exceptional items	7	(1,160)	(3,560)	-	-
Operating profit		39,759	144,943	35,250	108,876
Finance income	9	2,126	5,044	302	1,285
Finance costs	9	(23,415)	(67,260)	(17,426)	(47,479)
Profit before income tax		18,470	82,727	18,126	62,682
Income tax expense	10	(11,542)	(33,355)	(9,074)	(28,047)
Profit for the period		6,928	49,372	9,052	34,635
Other comprehensive income/(expense) (Loss)/gain on cash flow hedges:					
Loss on changes in fair value of hedging instruments during the period	21	(3,786)	(13,202)	(1,717)	(2,249)
Reclassification from OCI to profit or loss	21	5,486	14,988	-	-
Other comprehensive gain/(loss) for the period		1,700	1,786	(1,717)	(2,249)
Total comprehensive income for the period		8,628	51,158	7,335	32,386

The notes on pages 9 to 23 are an integral part of these financial statements.

Kane Bidco Limited

Condensed Consolidated Statement of Financial Position as at 30 September 2024

Jersey Registered Number: 137782

		30 September 2024 (unaudited) £'000	31 December 2023 £'000
	Note		
ASSETS			
Non-current assets			
Goodwill	12	1,621,702	1,621,702
Intangible assets	12	810,398	851,689
Property, plant and equipment	13	2,872	3,404
Client onboarding costs	14	483,521	405,739
Financial assets	15	6,071	9,009
		2,924,564	2,891,543
Current assets			
Trade and other receivables	16	50,927	47,912
Current tax asset		1,583	-
Cash and cash equivalents	17	177,831	129,694
		230,341	177,606
Total assets		3,154,905	3,069,149
LIABILITIES			
Current liabilities			
Trade and other payables	18	(46,630)	(32,011)
Financial liabilities	19	(50,116)	(96,127)
Provisions	20	(1,457)	(1,457)
Current tax liability		-	(597)
		(98,203)	(130,192)
Non-current liabilities			
Financial liabilities	19	(1,055,897)	(989,309)
Deferred tax		(117,594)	(117,595)
		(1,173,491)	(1,106,904)
Total liabilities		(1,271,694)	(1,237,096)
Net assets		1,883,211	1,832,053
EQUITY			
Share capital		1,795,170	1,795,170
Hedge reserves	21	2,064	278
Retained earnings		85,977	36,605
Total equity		1,883,211	1,832,053

The notes on pages 9 to 23 are an integral part of these financial statements. The financial statements on pages 5 to 23 were authorised for issue by the board of directors on 22 November 2024 and were signed on its behalf by:



Rebecca Hunter (Director)

Kane Bidco Limited

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2024

	Share capital £'000	Hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2023 and 1 January 2024	1,795,170	278	36,605	1,832,053
Comprehensive income for the period:				
Profit for the period	-	-	49,372	49,372
Other comprehensive gain	-	1,786	-	1,786
Total comprehensive income for the period	-	1,786	49,372	51,158
Balance as at 30 September 2024	1,795,170	2,064	85,977	1,883,211
	Share capital £'000	Hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2022 and 1 January 2023	1,795,170	(3,178)	(8,960)	1,783,032
Comprehensive income for the period:				
Profit for the period	-	-	34,635	34,635
Other comprehensive loss	-	(2,249)	-	(2,249)
Total comprehensive income for the period	-	(2,249)	34,635	32,386
Balance as at 30 September 2023	1,795,170	(5,427)	25,675	1,815,418

The notes on pages 9 to 23 are an integral part of these financial statements.

Kane Bidco Limited

Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2024

	Note(s)	Nine months to	
		30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000
Cashflows from operating activities			
Profit before tax		82,727	62,682
Adjustments for:			
Depreciation of property, plant and equipment and right of use assets	6	1,024	1,111
Amortisation of intangible assets	6	41,291	40,955
Amortisation of client onboarding costs	6	17,080	9,216
Interest income	9	(5,044)	(1,285)
Interest expense	9	67,260	47,479
Operating cash inflows before movements in working capital		204,338	160,158
Movements in working capital			
Increase in trade and other receivables	16	(3,015)	(3,440)
Increase in trade and other payables	18	14,619	6,987
Increase in client onboarding costs	14, 19	(123,963)	(190,013)
Total movements in working capital		(112,359)	(186,466)
Operating cashflows after movements in working capital		91,979	(26,308)
Corporation tax paid		(35,535)	(28,256)
Net cashflows from operating activities		56,444	(54,564)
Cashflows from investing activities			
Purchase of property, plant and equipment	13	(257)	(271)
Adviser loans	15	(5,167)	-
Interest received	9	5,044	1,284
Net cashflows from investing activities		(380)	1,013
Cashflows from financing activities			
Repayment of finance loans		(58)	(15)
Repayment of credit agreement		(1,962)	-
Interest paid		(74,760)	(53,756)
Drawdown / (repayment) of revolving credit facility		69,400	(55,400)
Issuance of listed bonds, net of borrowing costs		-	146,176
Lease principal payments		(547)	(431)
Net cashflows from financing activities		(7,927)	36,574
Net increase in cash and cash equivalents		48,137	(16,977)
Cash and cash equivalents at the beginning of the year		129,694	61,241
Cash and cash equivalents at the end of the year		177,831	44,264

The notes on pages 9 to 23 are an integral part of these financial statements.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024

1 General information

Kane Bidco Limited (the “Company”) is a holding company with sole ownership of True Potential Group Limited. On Consolidation, the Company and its subsidiaries (collectively referred to as the “Group” or “KB Group”) specialise in providing financial advisory, investment management services and support services to retail investors and financial advisers. The Company is a private entity limited by shares, incorporated in Jersey. The registered office is located at Aztec Group House, IFC 6, The Esplanade, St Helier, Jersey, JE4 0QH. The immediate parent company is Kane Midco Limited, a Jersey registered company.

2 Material accounting policies

Basis of preparation

These interim financial statements for the three months ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Companies (Jersey) Law 1991. They should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance since the last annual financial statements. The policies have been applied consistently to all periods presented.

These financial statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets that have been measured at fair value. The financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

2.2 Going concern

Management have considered the Group’s current and future prospects, risks and uncertainties and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for at least 12 months from the date of signing of these financial statements. The Group is cash generative, there is a net asset position with sufficient cash resources and other financing facilities available. Management has prepared detailed cash flow forecasts which show continued covenant and regulatory capital compliance. The forecasts positively show significant headroom to capital requirements both throughout the period and at the period-end. For this reason, the Directors continue to adopt the going concern basis of preparation for these financial statements.

These interim financial statements were authorised for issue by the Board of Directors on 22 November 2024.

3 Critical accounting estimates and judgements

The preparation of the financial statements requires Management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively. The following critical accounting judgements and estimates have been identified:

- Value of client onboarding costs
- Expected life of client onboarding costs
- Impairment of client onboarding costs
- Impairment of goodwill
- Expected life of customer relationships
- Impairment of customer relationships

Application of these estimates is consistent with the approach followed in preparing the Annual Group accounts for the year ended 31 December 2023.

There are a number of key judgements which Management continue to monitor in respect of the critical estimates. Where there are significant changes in these judgements, it may be considered a potential indicator of impairment of assets, triggering an impairment review of certain asset classes in the period. The judgements include the Group discount rate used to appraise projects and forward-looking cashflows, attrition of customers receiving Group services, market growth expectations, fee rates charged to customers and the useful-economic lives of assets.

No material changes to the core assumptions underpinning critical accounting estimates and judgements have been noted in the three months ended 30 September 2024 or to the date of signing the financial statements. In addition, no other external impairment indicators have been noted by Management during this period.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (*continued*)

4 Revenue

Turnover is attributable to the Group's continuing principal activities and arises wholly within the United Kingdom.

(i) Disaggregation of Revenue

	Adviser services	Wealth management advice	Platform fees	Investments management fees	Performance fees	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Period ended 30 September 2024						
Three months	765	44,154	28,779	48,067	-	121,765
Nine months	2,637	129,228	87,791	134,938	22,975	377,569
Period ended 30 September 2023						
Three months	3,298	37,349	23,869	39,634	-	104,150
Nine months	2,882	108,421	75,268	114,233	-	300,804

Adviser services

Revenue represents fees earned from the provision of back-office services to financial advice companies. Revenue is recognised on a receivable basis and arises fully within the UK.

Wealth management advice

Revenue represents fees earned from restricted wealth management advice proposition. Revenue is recognised on a accruals basis and arises fully within the UK. Revenue generated above is earned over time, with the exception of fees earned through initial advice offered by self-employed advisers and the central advice team, which is recognised at a point in time.

Platform fees

Revenue represents fees earned from provision of a wealth platform and investment management. Revenue is recognised on an accruals basis and arises fully within the UK.

Investment management fees

Revenue represents fees and charges earned from investment funds management and performance fees in relation to those funds.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

5 Fee expenses

Fee expenses mainly comprises fees paid to financial advisers and sub fund manager fees.

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
Adviser fees	30,194	78,145	22,496	65,116
Sub fund manager fees	8,732	31,039	8,872	26,082
Other fees	385	3,966	1,201	2,963
	39,311	113,150	32,569	94,161

6 Administrative expenses

Other administrative expenses reported in the income statement includes:

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
Amortisation - intangible assets	14,020	41,291	13,659	40,955
Amortisation - client onboarding costs	6,378	17,080	3,703	9,216
Depreciation	298	1,024	374	1,111
Staff costs	9,215	23,617	7,540	19,458
Marketing	3,682	5,899	1,117	2,998
Regulatory fees and levies	1,103	2,001	387	2,159
Insurance	779	2,321	910	2,788
Legal and professional costs	2,859	7,855	1,044	3,688
Platform and technology running costs	2,179	6,792	1,867	5,689
Other expenses	1,022	8,036	5,730	9,705
	41,535	115,916	36,331	97,767

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

7 Exceptional items

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
Exceptional costs	1,160	3,560	-	-

Exceptional costs of £3.6m relate to costs incurred in the implementation of new support systems, bonuses and other professional and consultancy fees for development projects which are considered one-off in nature. Further costs are expected to be incurred on the projects throughout 2024.

8 Alternative performance measures

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
Operating profit	39,759	144,943	35,250	108,876
Add back: Exceptional items	1,160	3,560	-	-
Add back: Amortisation	20,398	58,371	17,362	50,171
Add back: Depreciation	298	1,024	374	1,111
EBITDA	61,615	207,898	52,986	160,158

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) as an alternative performance measure (“APM”) is used by management as an industry comparator by removing accounting estimates, financing arrangements and tax. The closest metric under IFRS to start with is operating profit as per the Statement of Comprehensive Income and adding back amortisation, depreciation and exceptional items.

9 Finance income and costs

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
(i) Finance income				
Interest on liquidity funds	2,034	4,800	206	1,045
Other interest income	92	244	96	240
Total finance income	2,126	5,044	302	1,285

Investments in liquidity funds are money market funds which are short-term and highly liquid. Interest is accrued on these funds daily and is recognised as finance income.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

9 Finance income and costs (continued)

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
(ii) Finance costs				
Finance charges payable on borrowings	23,407	67,228	17,405	47,417
Interest on lease liabilities	8	32	21	62
Total finance costs	23,415	67,260	17,426	47,479

A gain on the change in fair value of the cash flow hedge was reclassified to profit or loss from other comprehensive income in the period within finance charges payable on borrowings.

10 Taxation

Reconciliation of tax charge

The permanent establishment of the Company and all Management decisions are made wholly within the UK. The Company is tax resident in the UK and is bound by UK tax laws. The tax expense in profit or loss for the period is higher than the standard effective rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are explained below.

	Three months to 30 September 2024 £'000	Nine months to 30 September 2024 £'000	Three months to 30 September 2023 £'000	Nine months to 30 September 2023 £'000
Profit before taxation	18,470	82,727	18,126	62,682
Profit before taxation multiplied by standard effective rate of corporation tax in the UK of 25% (2023: 23.5%)	4,618	20,682	3,444	11,910
Effect of:				
Disallowed expenses, non-taxable income and movement on intangible assets	6,924	12,673	5,630	16,137
Total tax charge for the year	11,542	33,355	9,074	28,047

On 1 April 2023 the corporation tax rate increased from 19.0% to 25.0%. The effective tax rate in the three months and nine months ended 30 September 2024 was 62.5% and 40.3% respectively. (three and nine months ended 30 September 2023: 50.1% and 44.7%).

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (*continued*)

11 Dividends

No dividends were paid or payable in any reported period.

12 Goodwill and other intangible assets

The cost and carrying value of goodwill is £1,621.7m (31 December 2023: £1,621.7m). Goodwill arose entirely on the acquisition of True Potential Group Limited ("TPG") in 2022. Goodwill is allocated to the Kane Bidco Group as the sole reportable operating segment of the Group. The Group has been identified as the smallest group of assets which generate cash flows that are independent, due to the interlinked nature of income generation within the Group.

Other intangible assets form part of the residual assets held by the Group, with carrying value at 30 September 2024 of £810.4m (31 December 2023: £851.7m).

(i) Impairment assessment

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Residual assets held by the Group are tested where there are indicators that they may be impaired, but form part of the annual goodwill impairment assessment.

As at 30 September 2024 and to the date of this report, Management have not identified any factors that could trigger a full impairment assessment of goodwill or other intangible assets. The assumptions in critical accounting estimates and judgements in relation to these areas are discussed in Note 3. These factors have not materially changed in the three months to 30 September 2024.

No impairments have been recognised in the period (year ended 31 December 2023: nil).

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

12 Goodwill and other intangible assets (continued)

(ii) Intangible assets other than goodwill:

	Brand	Customer relationships	Internally generated assets	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2023 and 1 January 2024					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(14,990)	(86,436)	(3,774)	(219)	(105,419)
Net book value	34,871	798,771	17,913	134	851,689
Nine months ended 30 September 2024					
Opening net book value	34,871	798,771	17,913	134	851,689
Amortisation charge for the period	(5,813)	(33,195)	(2,200)	(83)	(41,291)
Closing net book value	29,058	765,576	15,713	51	810,398
At 30 September 2024					
Cost	49,861	885,207	21,687	353	957,108
Accumulated amortisation	(20,803)	(119,631)	(5,974)	(302)	(146,710)
Net book value	29,058	765,576	15,713	51	810,398

Brand includes the True Potential brand which was recognised at fair value.

Customer relationships were acquired at their fair value on acquisition of TPG in 2022. These customer relationships were internally generated by TPG through the client assets it held on the True Potential Platform at the acquisition date. They also relate to the acquired client onboarding costs recognised under IFRS 15 by TPG at acquisition. Subsequently, they are held at this cost less accumulated amortisation and any accumulated impairment.

Internally generated assets are primarily capitalised staff costs allocated to development projects, including costs allocated to the development of the True Potential platform and fund set-up costs. Staff costs are capitalised from the point the asset is likely to be completed. Amortisation commences from the point the asset is in full use over a period of 10 years.

Other intangibles assets represent software licences acquired by the Group. Software licences are amortised over the terms specified in the licence which currently range from 3-5 years.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

13 Property, plant and equipment

	Fixtures, fittings, and equipment £'000	Short leasehold buildings £'000	Total £'000
At 31 December 2023 and 1 January 2024			
Cost	4,415	1,815	6,230
Accumulated depreciation	(2,173)	(653)	(2,826)
Net book value	2,242	1,162	3,404
Nine months ended 30 September 2024			
Opening net book value	2,242	1,162	3,404
Additions	257	-	257
Lease adjustment	-	235	235
Depreciation	(772)	(252)	(1,024)
Closing net book value	1,727	1,145	2,872
At 30 September 2024			
Cost	4,672	2,050	6,722
Accumulated depreciation	(2,945)	(905)	(3,850)
Net book value	1,578	1,294	2,872

14 Client onboarding costs

	30 September 2024 £'000	31 December 2023 £'000
At 1 January	405,739	233,605
Additions	94,862	185,566
Amortisation	(17,080)	(13,431)
At 30 September 2024 and 31 December 2023	483,521	405,739

Client onboarding costs are the incremental costs of obtaining contracts with customers. The client onboarding costs are recognised only if the Group expects to recover these costs from the underlying revenue contracts and represents only those costs that would not have been incurred if the underlying revenue contract had not been obtained.

In the nine months ended 30 September 2024, £94.9 million of client onboarding costs have been added to the Statement of Financial Position (year-ended 31 December 2023: £185.6m). This represents managements best estimate of expected payments for the onboarding of revenue contracts. Management use judgement to assess the carrying value of client onboarding costs, as discussed in Note 3. Management have determined that significant judgements and assessments used in assessing this carrying value have not materially changed in the period ended 30 September 2024.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

15 Financial assets

	30 September 2024 £'000	31 December 2023 £'000
Cross currency swap asset	904	9,009
Loan assets	5,167	-
	6,071	9,009

The Group hedges the foreign currency risk on high yield Eurobonds using a fixed-for-fixed cross-currency swap where the foreign currency basis spread, and forward elements are excluded from the designation of the hedging instrument. The cross-currency swap asset is designated and effective as a hedging instrument and is carried at fair value. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Loan assets are loans to financial advisers which are repayable after two years. The loans accrue interest income at the Bank of England base rate plus 6.0%.

16 Trade and other receivables

	30 September 2024 £'000	31 December 2023 £'000
Prepayments and accrued income	5,302	4,541
Platform fees	9,955	8,639
Fund management fees	15,572	15,212
Advice fees	15,102	12,610
Other debtors	4,996	6,910
	50,927	47,912

Trade receivables is made up of platform fees, fund management fees and advice fees which are satisfied in the month following the reporting date.

Loans to advisers are recognised in line with IFRS 9, at amortised cost less any provision for expected credit loss.

17 Cash and cash equivalents

	30 September 2024 £'000	31 December 2023 £'000
Cash held at bank	39,057	21,446
Investment in liquidity funds	138,774	108,248
	177,831	129,694

Investments in liquidity funds are money market funds which are short-term and highly liquid. They are readily convertible to known amounts of cash.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (*continued*)

18 Trade and other payables

	30 September 2024 £'000	31 December 2023 £'000
Trade payables	1,572	788
Other taxes and social security	1,287	2,431
Accruals and deferred income	10,151	6,742
Sub fund manager fees	12,165	7,479
Adviser fees	9,884	7,693
Intercompany payable – Kane Midco	1,371	1,490
Other payables	10,200	5,388
	46,630	32,011

Trade payables represent payments due on all overhead expenditure with settlement being made within 30 days. Sub fund manager fees represent payments to sub fund managers for the investment management of the True Potential funds with settlement being made between 30 – 120 days. Adviser fees represent payments to wealth management partners for the servicing of customer advice with settlement being made within 30 days. Amounts owed to the parent company, Kane Midco Limited, are unsecured and repayable on demand.

19 Finance liabilities

	30 September 2024 £'000	31 December 2023 £'000
Current		
Lease liabilities	429	630
Client onboarding liabilities	9,005	38,106
Credit agreement	1	1,963
Finance loan	-	58
Trust loan	30,435	29,996
Accrued interest	10,246	25,374
	50,116	96,127
Non-current		
Lease liabilities	561	730
High yield bonds	695,690	699,536
Revolving credit facility	89,043	19,514
Other listed bonds	270,603	269,529
	1,055,897	989,309

(i) *Client onboarding liabilities*

Client onboarding liabilities contain the amounts payable in relation to the increase in client onboarding cost assets recognised for customer relationships.

(ii) *Credit agreement*

The credit agreement is a short-term financing arrangement entered into during 2023, for professional indemnity insurance costs. The credit agreement has been repaid in October 2024.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

19 Finance liabilities (continued)

(iii) Trust loan

The Trust loan is payable to the True Potential LLP Discretionary Trust 2009 (“the Trust”), has no maturity date and is repayable on demand. Interest on the trust loan is compounded annually at the HMRC preferential borrowing rate.

(iv) Listed Bonds

All listed debt, including high yield bonds issued in 2022 and other bonds issued in 2023, were issued on The International Stock Exchange (“TISE”) with various fixed and floating interest coupons. The bonds are due in 2027 and 2028.

(v) Revolving credit facility

The revolving credit facility (“RCF”) has up to £120.0m available for drawdown. The utilisation of the facility may vary each month provided it does not exceed the maximum facility. Interest on the RCF is accrued at SONIA plus 3.5%. The RCF matures in October 2026.

20 Provisions

	Complaints provision	
	30 September 2024	31 December 2023
	£'000	£'000
As at 1 January	1,457	3,137
Provided for in the year	599	479
Utilised during the year	(487)	(1,532)
Released in the year	(112)	(627)
At 30 September 2024 and 31 December 2023	1,457	1,457

Complaints provisions held within True Potential Wealth Management LLP relate to the expected cost of correcting deficiencies, compensation and redress associated with investment advice given. The provision represents managements best estimate of expected outcomes based on previous experience and a review of the details of each case. The best estimate of the timing of outflows is that the majority of the balance is expected to be settled within 12 months.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

21 Hedging

	30 September 2024 £'000	31 December 2023 £'000
At 1 January 2024	278	(3,178)
(Loss) / gain arising on changes in fair value of hedging instruments during the period	(13,202)	(9,616)
Gain / (loss) reclassified to profit or loss	14,988	13,072
At 30 September 2024 / 31 December 2023	2,064	278
Of which		
Balance related to continuing cash flow hedges	2,064	278

Gains and losses reclassified to profit or loss are recognised within finance costs.

22 Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not presented in this note. During the nine months ended 30 September 2024, the Group entered into transactions with related parties as follows.

	Transactions with related parties		Amounts due to related parties	
	30 September 2024 £'000	31 December 2023 £'000	30 September 2024 £'000	31 December 2023 £'000
Kane Midco Limited	(119)	(1,725)	(1,371)	(1,490)
The True Potential LLP Discretionary Trust 2009	-	649	(1,100)	(29,996)
Kane Feeder Limited Partnership	439	-	(30,435)	(1,100)
	320	(1,076)	(32,906)	(32,586)

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (continued)

23 Subsidiaries

Subsidiary undertakings	Proportion of ordinary shares held	Nature of business
Directly held:		
True Potential Group Limited	100%	Holding company
Indirectly held (True Potential Group Limited is the Holding Member):		
True Potential LLP	100%	Corporate Holding Member
True Potential Holdings Limited	100%	Holding company (dormant)
Indirectly held (True Potential LLP is the Holding Member):		
True Potential Adviser Services LLP	100%	Provision of services to financial services firms
True Potential Investments LLP	100%	Provision of a wealth platform
True Potential Wealth Management LLP	100%	Wealth management firm
True Potential Administration LLP	100%	Authorised corporate Director
True Potential Nominee Limited	100%	Platform custodian (dormant)
True Potential Trustee Company Limited	100%	Pension trustee (dormant)

The registered address for these subsidiary undertakings is Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX.

As of 14 September 2021, True Potential Wealth Management LLP ("TPWM") holds 10 non-voting redeemable cell shares in a protected cell designated for TPWM within Opportuna Insurance PCC Limited, with a nominal amount of £1.00 per share. Although TPWM holds all shares for its cell, it does not control Opportuna Insurance PCC Limited. The cell has remained dormant since the initial capital injection of £10. The registered address for Opportuna Insurance PCC Limited is SRS Management Guernsey Limited, Suite 2, Richmond House, Ann's Place, Saint Peter Port, GY1 3WP.

During the year ended 31 December 2023, two 100% indirect subsidiaries of the Group, Trem Holdings Limited and C&S Wealth Management Limited, were put into voluntary liquidation. The liquidations were completed on 15 February 2024 and the entities were dissolved on 21 May 2024 and 28 May 2024 respectively.

The Directors believe the carrying value of the investments is supported by their underlying net assets.

Kane Bidco Limited

Notes to Condensed Consolidated Financial Statements for the three months ended 30 September 2024 (*continued*)

24 Contingent liabilities

Through its normal trading activities, the Group is exposed to certain legal issues that could become disputes and which could develop into litigious proceedings, resulting in contingent liabilities. A contingent liability may also arise in the event of findings in respect of the Group's tax affairs which could result in a financial outflow to the tax authorities.

The Group works in a changing and complex regulatory environment. As part of its normal course of business, there is communication with the regulator from time to time on a variety of matters relevant to the business. Interactions in Group subsidiaries with the regulator could lead to the identification of issues that could develop into contingent liabilities.

All such matters are periodically reassessed. At 30 September 2024 no reasonable estimates of the financial impacts of the matters above have been made.

25 Ultimate controlling party

The immediate parent undertaking is Kane Midco Limited, a Jersey registered company. There is no single ultimate parent undertaking. Cinven Capital Management (VII) General Partner Limited exercises its power on behalf of various funds, none of which control Kane Bidco Limited.

26 Events after the reporting period

There were no significant subsequent events after 30 September 2024 to the date of this report.