

# STRENGTH IN NUMBERS

True Potential Annual Report 2016

# STRENGTH IN 2016.



The three words that have always underlined True Potential are: Simple. Effective. Unique.

The most important of those is Unique. We strive to be unique

in everything we do, we believe uniqueness offers the greatest value to our clients.

**Even our strategy is unique.** Rather than try to invent something called “Robo Advice”, and then look for a problem to fit it to, our unique strategy has been based on the natural fact that most people need help (a better word than advice) from time to time with anything they are unfamiliar with. We call this **hybrid advice**. You need help to learn to drive a car, which requires a huge amount of skill, but once learned you no longer need a driving instructor sitting alongside. The more you drive, the more familiar you become with your vehicle and other road users.

**Financial matters are no different.** People want humans to help at the right time if they offer value for money. Our scale, with **20%** of the adviser market working with us, and **£5.1 billion** on our Platform, allows us to charge much less, and this is passed on to the end client.

The ability for advisers to look after their clients over the long-term is helped enormously by our technology and client sites, with the client able to help themselves when they need further information, the same information they currently wait weeks to get when enquiring about products with many of the old traditional suppliers.

We have stripped millions of pounds off the cost to the client using this strategy, which extends our value chain into the type of products we offer. Discretionary fund management at a fraction of the normal cost, with True Potential managing some of the largest, and best fund managers in

the world, allowing us to create cost savings for them, and us, and passing that on to the client. Doing these jobs ourselves is the only way to ultimately control cost.

Our unique position based in Newcastle means we have a local supply of specialists in technology fed by world renowned Universities, great and affordable office space, we are commutable with Edinburgh, the second largest fund management hub in the UK for our fund management expertise, and of course, the emergence of the internet means we are ultra-competitive.

There are no short cuts in good business, you must take the time to grow good people into specialist providers of all the things you need to run a modern internet-enabled business. We have our own advisers, our own software developers, our own fund managers, assisted from head office by our own administration, finance, legal and compliance departments. All that is unique in the UK, where others farm out many key skills, and buy businesses that are struggling in the hope to get scale to become profitable. We think that doesn't work.

As a management team, **we believe in having “skin in the game”**. We invest our own money into our own funds, and we use our own technology to track, update and invest personally. Thus, we experience first-hand the client experience. That, in itself is pretty unique, knowing what you recommend to others, in depth.

That is the background to the record results we have enjoyed in 2016. Here are some highlights:

We administer **£52 billion** of assets for our adviser firms, with over **£5.1 billion** being on our in-house Platform, of which **£3 billion** is in our True Potential Investments' funds, with over **£2 billion** held inside the True Potential Portfolio range.

True Potential Portfolios are hugely diversified across asset classes, currencies, and geography. In a chaotic year for the UK, Europe, and the USA (we like chaos, as it creates opportunities) our Aggressive Portfolio grew by **17.7%** in 2016. Although our own survey (and we survey **2,000** consumers 4 times a year) showed they would vote out of the EU, we didn't adjust our funds at all, unlike some who being less diversified went to cash. Our clients enjoyed the resultant fall in the pound that created value in funds that had holdings in the rest of the world.

Our fund managers and sub managers employ **5,000** professionals in **200** locations, with **120,000** separate holdings worldwide. Once again, a unique offer, only available because we can give the scale needed to make us a competitive proposition to these large fund managers.

These funds power our products, and we welcomed a further provider in 2016, UBS, and **launched 14 new funds** during the year.

Our Workplace and Group Pensions (a SIPP) have now attracted over **£1 billion** in assets, and the workplace pension is one of only two Group Schemes in the UK approved by the Pensions Regulator.

On a wider basis, our work with the Open University saw the production of courses that have helped educate over **160,000** consumers in basic financial education.

We have inputted into several Government bodies orally and with white papers, including the Treasury and the FCA, proposing a retirement ISA, which later became the new LISA, and welcomed the **Treasury Minister** to head office to see our Workplace Pensions in operation.

We won several industry awards, including Money Marketing's '**Best Support Service**' for the fifth year running and '**Best Use of Technology by an Adviser**' for the fourth consecutive year, Deloitte UK Technology Fast 50 and EMEA Technology Fast 500, '**Best for Innovation**' for impulseSave® at the lang cat's Direct Platform Awards, selected as a '**Ruban d'Honneur**' recipient in the European Business Awards and are nominated for European Business of the Year.

Finally we sold a percentage of our shares to a San Francisco and New York based private equity firm, FTV Capital, specialising in financial technology (FinTech) companies that gives us a sound basis for further informed expansion.

A busy year.

The financial results are covered in detail in the following pages, highlights are:

We increased turnover by **22% to £69 million**.

Profits increased by **20% to £15 million**.

We are on target in 2017 to increase staff, funds, turnover, and profits by even greater margins.

Thanks to the support of all our clients, our staff, and our unique strategy, the future looks particularly bright.

Kind Regards



**David Harrison**  
Managing Partner, True Potential LLP

OUR YEAR IN NUMBERS

**416**   
WEALTH MANAGEMENT PARTNERS

 **£160m**  
COLLECTED IN FEES  
AND COMMISSIONS

 OVER 26,000  
RESPONSES  
TO SAVINGS  
GAP SURVEYS

 **3RD YEAR RUNNING**  
DELOITTE FAST 50 WINNER

 **£11.1m**  
TOTAL AUTO ENROLMENT CONTRIBUTIONS

 **£2bn**  
INVESTED IN TRUE POTENTIAL PORTFOLIOS

 MINIMUM  
IMPULSESAVE **10** TRUE POTENTIAL  
PORTFOLIOS

 **7,455** FIRMS SIGNED UP FOR  
OUR AUTO ENROLMENT  
SERVICE IN 2016

 **£3bn**  
INVESTED IN WEALTH  
STRATEGY FUNDS

 **625**  
AUTHORISED FIRMS

 **14** WEALTH  
STRATEGY  
FUNDS  
LAUNCHED

 **434,356** CLIENT  
SITE  
LOGINS

 **£69m**  
TURNOVER

 **120,000**  
HOLDINGS

 **2,600**  
1-2-1 ONLINE SUPPORT SESSIONS

**365%**  
GROWTH IN TRUE POTENTIAL  
INVESTOR USERS

**28,985**

SUPPORT TICKETS  
39,999 EMAIL  
4,560 CALLS  
COMPLETED

**£5.1bn**  
HELD ON WEALTH  
PLATFORM

AVERAGE  
**£100**  
IMPULSESAVE®

**£** **298,575**  
STATEMENTS  
PROCESSED IN  
THE SAME DAY

**160,000**

PARTICIPATED IN THE MOOC COURSES

**85,000**  
EMPLOYEES USE OUR AUTO  
ENROLMENT SERVICE

**4** WINNER OF THE DELOITTE  
FAST 500 EMEA  
FOUR YEARS RUNNING

**70%**  
GROWTH IN PLATFORM  
CLIENTS YEAR ON YEAR

**£15m**  
GROUP PROFIT

**£54.3m**  
INVESTED THROUGH  
IMPULSESAVE®

# STRENGTH IN OUR OFFER.

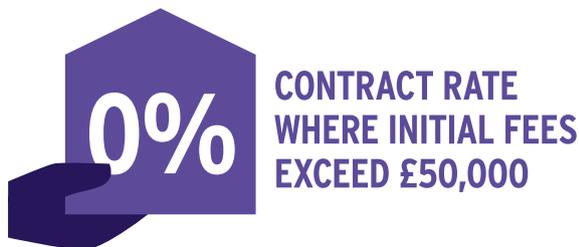
As an award-winning group of companies, we work directly with many different groups including Directly Authorised Firms, independent and restricted financial advisers, accountants, employers and consumers.

Through our focus on innovative technology, we provide simple, effective and unique financial solutions built for the future and that of our clients.

## True Potential Wealth Management

**416.** That's the number of Wealth Management Partners we have. These Partners receive support from our in-house team and have access to our award-winning technology and Wealth Platform.

At the end of 2016, we **designed a new 0% contract** for restricted Partners, making an industry-leading contract even better. Effective as of 1 January 2017, our Wealth Management Partners receive **100%** of new investment and pensions business, where initial fees for the year exceed **£50,000**.



## Directly Authorised Firms

**625** Directly Authorised Firms benefit from our unique systems and Adviser Services' Support, whilst still retaining their brand and business ownership.

Much of our value comes from our ability to work at scale. Over the past 12 months, we've collected more than **£160 million** in fees and commissions, and have completed more than **600** RMAR reports on behalf of firms.

We've also reconciled and processed over **298,575** statements.

Unlike most other providers, we don't require a minimum amount to generate or release a payment, so even if 1p is owed, 1p is paid - daily.

Recognising the quality of support that we provide to our advisers, we were awarded **'Best Support Service'** at the Money Marketing Awards 2016 for an impressive fifth year running.

## Auto Enrolment

We provide free auto enrolment services to around **8,000 employers** and over **85,000 employees** across the UK, adding over **£11.1 million** of contributions since launch.

We don't think auto enrolment should be a complicated process. That's why we have built a system that is **quick to set up, free and easy to use**.

Unlike most workplace pension providers, who have opted not to service small companies, our auto enrolment solution is available to businesses of any size.

2016 saw us listed as an **approved workplace pensions provider** by The Pensions Regulator. This honour is a great achievement, especially as we're **one of just two** providers of group personal pensions in the UK to be approved.

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**85,000** 

**EMPLOYEES ACROSS THE UK**

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 **365%**

**GROWTH IN TRUE POTENTIAL INVESTOR USERS**

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## True Potential Investor

Built with the same award-winning technology used by **20% of the UK's financial advisers**, True Potential Investor has the power to change the way consumers save and invest, helping them take control of their finances.

Clients can track their investments online and via our iOS and Android apps, as well as top up from **£1** with impulseSave®.

We've seen over **£54.3 million** invested through impulseSave®. We continue to improve our technology and services, regularly adding new features and updating our systems.

Engaging animated videos guide clients through each step in the process, with our new LiveChat an additional option for those who require a more personal approach. 2016 has seen extensive growth in True Potential Investor users, a **365%** increase compared to 2015.

# STRENGTH IN OUR SCIENCE.

In 2016, we added another 14 funds to our suite of discretionary managed investment solutions, **True Potential Portfolios**, further expanding our unique **Advanced Diversification** approach.

Each of our ten Portfolios aims to maximise returns and reduce risk for investors. The Portfolios are continually monitored and managed by our expert Investment Team.

Thanks to our ever-growing scale and success, we partner with world-class fund managers **UBS, Allianz, Goldman Sachs Asset Management, Columbia Threadneedle, Schroders, SEI, Close Brothers and 7IM.**

We blend together active and passive strategies and over **120,000** holdings to exploit market inefficiencies at lower costs. By using **Advanced Diversification**, we're able to find opportunities for growth that **others can't replicate**. That's something we believe has **great value** to clients.



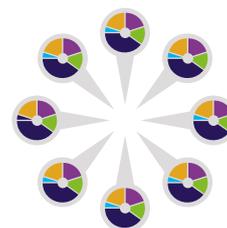
### Simple Diversification

A mixture of equities, cash and bonds.



### Multi-Asset Diversification

A full range of asset classes and geographic regions from one fund manager.



### Advanced Diversification

A blend of tried and tested multi-asset investment strategies that finds opportunities for growth.

## Expanding Our Expertise

In another successful year, we **launched 14 Wealth Strategy Funds** with investment partners UBS, Allianz, Columbia Threadneedle and 7IM. Through our partnership with UBS, one of the biggest financial institutions in the world, we've launched a range of five multi-asset funds, covering all client risk profiles from Defensive to Aggressive, each with **0.6% OCF**, the lowest cost of all True Potential Investments' funds. As with all our Wealth Strategy Funds, they are available in our True Potential Portfolios, where they provide further **Advanced Diversification** for clients.



## Performance

We celebrated our first full year of True Potential Portfolios in **October 2016** and despite the continued uncertainty through Brexit and the US Presidential election, **our Portfolios have achieved strong growth** throughout the year.

Our decision to partner with industry-leading investment managers underpins our investments, allowing us to create **forward-looking Portfolios**.

Against that backdrop, we're delighted to share the True Potential Portfolios' performance figures over the last 12 months and since their launch in October 2015.

We believe the results are clear evidence of the power of **Advanced Diversification**.

A graphic consisting of a dark blue semi-circle with the text '£2bn' in white, bold font inside it. The semi-circle is flanked by two small, dark blue rectangular shapes on either side, suggesting a stylized arch or bridge.

**INVESTED IN OUR TRUE POTENTIAL PORTFOLIOS SINCE LAUNCH**

| Portfolio       | Jan 2016 - Dec 2016 | Oct 2015 - Apr 2017 | Apr 2016 - Apr 2017 |
|-----------------|---------------------|---------------------|---------------------|
| Defensive       | 7.09%               | 10.75%              | 7.37%               |
| Cautious        | 11.03%              | 15.43%              | 11.25%              |
| Cautious +      | 10.09%              | 15.01%              | 11.52%              |
| Cautious Income | 11.46%              | 18.05%              | 13.58%              |
| Balanced        | 13.83%              | 20.53%              | 15.96%              |
| Balanced +      | 14.22%              | 22.26%              | 16.68%              |
| Balanced Income | 13.41%              | 20.79%              | 15.48%              |
| Growth          | 16.39%              | 26.22%              | 19.64%              |
| Growth +        | 13.84%              | 24.69%              | 19.60%              |
| Aggressive      | 17.70%              | 29.71%              | 22.05%              |

With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. Past performance is not a guide to future performance.

# STRENGTH IN OUR TECHNOLOGY.

As a technology-driven company, development is at the heart of everything we do.

We believe investing and technology go hand-in-hand. That's why we're one of the only Investment Management Firms with an in-house development team. We design, build and service all of our investment technology.

## True Potential Wealth Platform

Our Wealth Platform integrates our **unique client sites**, world-first **impulseSave®** top-up technology, which allows clients to add **as little as £1** at a time to their investments, and our revolutionary financial life planner, **True Potential One®**.

Through our Wealth Platform, investors are able to choose from a variety of world-class investment options, investing in our risk-based Wealth Strategy Funds and True Potential Portfolios.

## Client Sites

We live in a world where everything is on demand and we don't think investments should be any different. We've made accessing our client sites as simple and straightforward as possible. Our custom-built client sites can be used **24/7** online, and through our tablet and smartphone apps.

Throughout 2016, we have released a number of exciting changes to benefit both our advisers and clients. We've built a **cleaner design and interface** to make the sites easier to navigate and use. Our new features allow **clients to add smaller scale investments** to the Wealth Platform in a few simple clicks, without the need for a submission through their adviser.

Client engagement on the sites has grown significantly, with a **190% increase** in mobile logins to client sites to manage and monitor wealth and a total of **434,356 client logins** in 2016.



**INCREASE IN MOBILE LOGINS TO CLIENT SITES TO MANAGE AND MONITOR WEALTH**

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## impulseSave®

Our world-first impulseSave® technology allows investors to take more control of their investments, topping up **24/7** with as little as **£1**.

In 2016, we made impulseSave® even simpler for clients to use by adding new features such as **Instant Feedback** and **Scheduled impulseSave®**. When a client makes an impulseSave®, they're given Instant Feedback on the impact of their payment against their goal and exactly how much quicker, in days, they'll reach it.

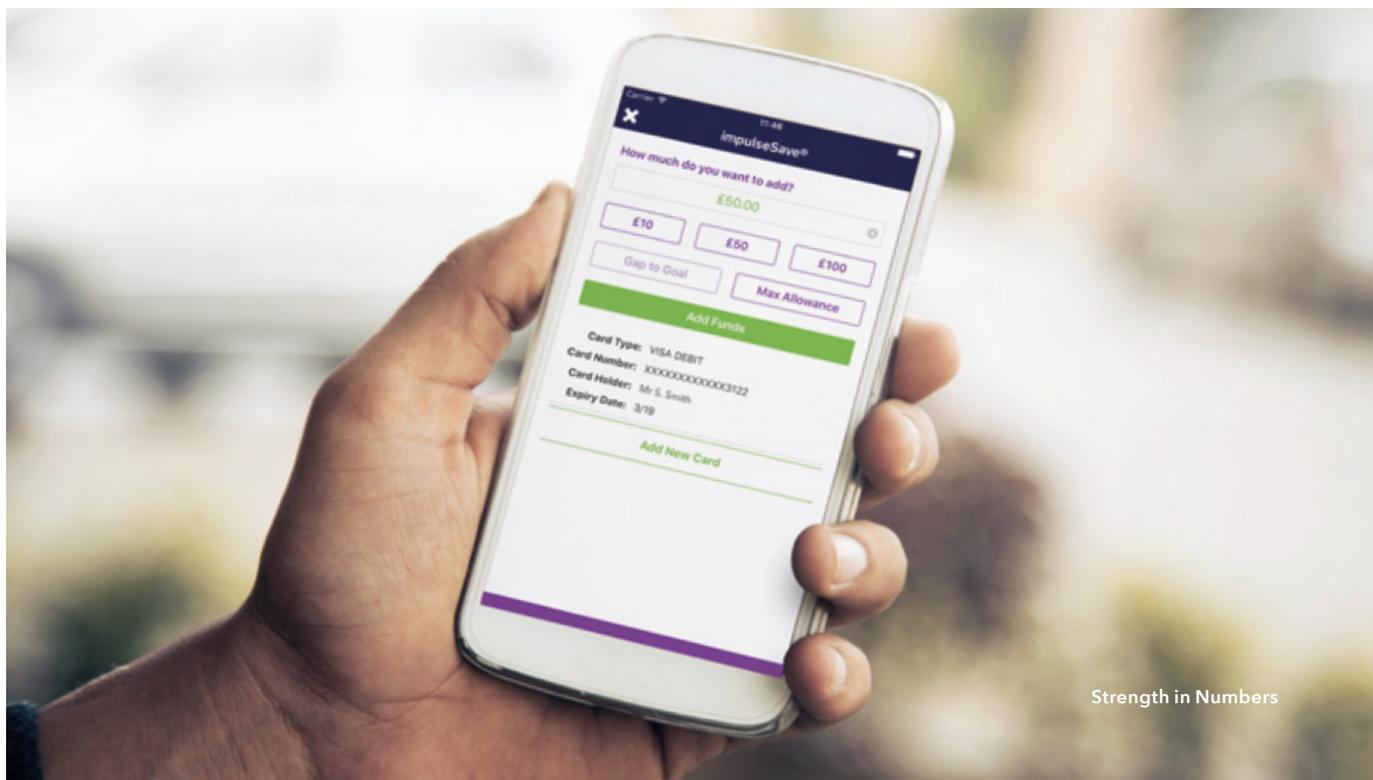
By showing clients how much earlier they will hit their goal due to their actions, we find them more likely to develop and maintain the top up habit. We've seen strong growth in the regular use of impulseSave®, with one client using impulseSave® **232 times** in 2016.

As well as investing on impulse, clients can set a schedule to remind themselves when they like to impulseSave®, for example at the end of every week.

They are then reminded of their pre-planned impulseSave® by text, email or app notification. This is another way we're helping clients get into better investing habits to reach their financial goals sooner.

We've seen over **£54.3 million** invested through impulseSave®. We expect this growth to continue, with over **£100 million** in impulseSave® payments by the end of 2017. To date, no-one has been able to replicate impulseSave® in the UK and it remains unique in the financial services industry.

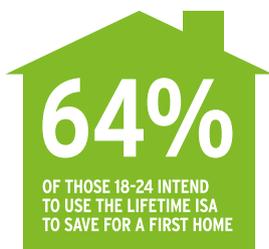
With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. Past performance is not a guide to future performance.



# STRENGTH IN OUR BELIEFS.

Over the last three years, as part of our 'Tackling the Savings Gap' Campaign, we've undertaken a quarterly survey of the UK public, asking over 26,000 people about their attitudes to saving and investing.

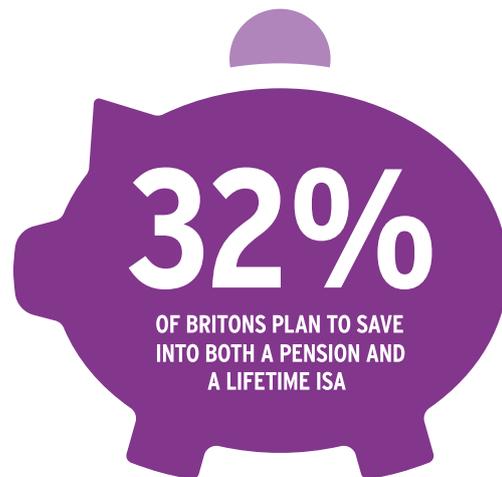
## Key 2016 Numbers



SAVED NOTHING FOR RETIREMENT IN Q2 2016, DOWN FROM 45% IN Q2 2015



SPLIT WHETHER TO USE THE LISA FOR A HOME OR RETIREMENT



OF OVER 55S CONTRIBUTED TO THEIR PENSION IN Q2 2016



**10%**

OF THE POPULATION SAVED BETWEEN £501 AND £1,000 IN Q1 2016



OF 18 TO 21-YEAR-OLDS ADDED NOTHING TO THEIR PENSIONS IN Q2 2016

In the first edition of **'Tackling the Savings Gap'**, we made the case that education, technology and government intervention that supports innovation would help to close the UK's Savings Gap. Three years on, there has been **progress in all three areas**, and True Potential is leading the way, highlighting the issues and putting forward practical solutions.



### Technology Gap

We've seen over **£54.3 million invested** through impulseSave®.

That is money that would otherwise have been spent but is instead helping more people to hit their financial goal. Responses from our Q2 2016 survey show **9 out of 10 households** are slashing their spending on non-essentials to boost their savings, with a 6% cut back on car and transport costs and a 15% cut to drinking and eating at restaurants.

The Government plans to create a Pensions dashboard by 2019 to help consolidate consumer pensions. As a **forward-looking company**, we've already acknowledged this gap in the market and created our own financial planning system that doesn't stop at pensions. **True Potential One®** consolidates all of our clients' investment accounts in one convenient location.

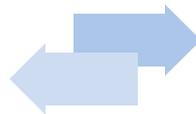


### Knowledge Gap

As part of our partnership with the Open University Business School, establishing the **True Potential Centre for the Public Understanding** of Finance, we aim to empower the UK public to better manage their finances.

In April 2016, we launched our third free online course 'Managing My Financial Journey'.

**Over 160,000 learners** have participated across our three MOOC courses, 'Managing My Money', 'Managing My Investments' and 'Managing My Financial Journey'.



### Agility Gap

In January 2016, we proposed the **'Retirement ISA'**, believing ISAs represent a better chance to close the Savings Gap than pensions, due to their popularity and simplicity, with consumers continuing to save more into their ISAs than pensions. The Lifetime ISA (Lisa), announced in March, is a simple solution, one we believe is sure to be effective. We also proposed a **25% top up** on contributions and a higher ISA limit, both of which were delivered by the Chancellor.

#### **We're making waves in the industry.**

True Potential has held discussions directly with policy officials and Ministers at the Treasury. We've also had questions asked in Parliament and welcomed Ministers to Head Office.

# STRENGTH IN OUR FIGURES.

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## **Members and advisers for the year ended 31 December 2016**

### **Managing board members**

David Harrison (Managing Partner)  
Neil Johnson  
Mark Henderson  
Daniel Harrison  
Earl Glasgow  
Mike Edwards (Non-executive)  
George Peebles (Non-executive)  
Peter Coward (Non-executive)  
Brad Bernstein (Non-executive)  
Kyle Griswold (Non-executive)

### **Registered office**

Newburn House  
Gateway West  
Newburn Riverside  
Newcastle upon Tyne  
NE15 8NX

### **Bankers**

The Royal Bank of Scotland plc  
1 Trinity Gardens  
2nd Floor Broadchare  
Newcastle upon Tyne  
NE1 2HF

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

## Members' report for the year ended 31 December 2016

The members present their report and the audited consolidated financial statements for the year ended 31 December 2016.

### Designated members

The following designated members have held office during the year and to the date of signing of the financial statements:

David Harrison (Managing Partner)  
Neil Johnson  
Mark Henderson  
Daniel Harrison  
Earl Glasgow

### Principal activities

The principal activities of the group are the provision of financial advisory and investment management services, and support services to financial advisers.

### Group Managing Board

On 27 January 2016 FTV-True LLC completed an investment into the Firm and the Group and became a Partner in the Firm. Brad Bernstein and Kyle Griswold have joined the Group Managing Board as Non-Executive Partners representing FTV.

### Policy on members' drawings

The overall policy for members' drawings is to distribute the majority of the profit during the financial year, taking into account the need to maintain sufficient funds to finance the working capital and other needs of the business. The Group Managing Board sets the level of drawings. Drawings and other distributions to members are not expensed in profit and loss but recorded directly in members' interests.

### Members' profit shares

Any remaining profit after the members' drawings for the year is allocated to the members as set out in the partnership deed and approved by the Group Managing Board.

### Members' responsibilities statement

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships

(Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the group and parent partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the partnership and of the profit or loss of the partnership and group for that period. In preparing these financial statements, the members are required to:

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

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

The members are responsible for the maintenance and integrity of the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Members' report for the year ended 31 December 2016 (continued)

### Statement of disclosure of information to auditors

The members confirm that so far as each member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and that each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

On behalf of the members



**David Harrison**  
Designated member



**Neil Johnson**  
Designated member

3 March 2017

## Independent auditors' report to the members of True Potential LLP

### Report on the financial statements

#### Our opinion

In our opinion, True Potential LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2016 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and partnership balance sheets as at 31 December 2016;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated and partnership statements of changes in equity for the year ended 31 December 2016
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the members

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Independent auditors' report to the members of True Potential LLP (continued)

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis

for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



### Bill MacLeod (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

3 March 2017

Consolidated profit and loss account for the year ended 31 December 2016

|  | Note | 2016<br>£'000   | 2015<br>£'000 |
|--|------|-----------------|---------------|
| <b>Turnover</b>  | 1    | <b>69,164</b>   | 56,699        |
| Cost of Sales  |      | <b>(38,119)</b> | (33,650)      |
| <b>Gross profit</b>  |      | <b>31,045</b>   | 23,049        |
| Administrative expenses  |      | <b>(16,170)</b> | (10,618)      |
| <b>Operating profit</b>  | 3    | <b>14,874</b>   | 12,431        |
| Interest payable and similar charges   | 4    | <b>(83)</b>     | (48)          |
| <b>Profit on ordinary activities before taxation</b>   |      | <b>14,791</b>   | 12,383        |
| Tax on profit on ordinary activities   | 5    | -               | (12)          |
| <b>Profit for the financial year before members' remuneration and profit shares available for discretionary division among members</b> |      | <b>14,791</b>   | 12,371        |
| <b>Other comprehensive income</b>  |      | -               | -             |
| <b>Total comprehensive income</b>  |      | <b>14,791</b>   | 12,371        |

During the year True Potential LLP disposed of its investment in True Potential Associate Partners Limited. All other operations are continuing.

There is no difference between the profit for the financial year above and the historic cost equivalent.

## Consolidated balance sheet as at 31 December 2016

|   | Note | 2016<br>£'000  | 2015<br>£'000 |
|---|------|----------------|---------------|
| <b>Fixed assets</b>   |      |                |               |
| Goodwill  | 8    | -              | 108           |
| Intangible assets   | 8    | 2,103          | 541           |
| Tangible assets   | 9    | 2,072          | 988           |
|   |      | <b>4,175</b>   | 1,637         |
| <b>Current assets</b>   |      |                |               |
| Debtors   | 11   | 8,955          | 6,168         |
| Cash at bank and in hand                                      |      | 5,102          | 8,582         |
|   |      | <b>14,057</b>  | 14,750        |
| <b>Creditors: amounts falling due within one year</b>         | 12   | <b>(6,926)</b> | (5,019)       |
| <b>Net current assets</b>                                     |      | <b>7,131</b>   | 9,731         |
| <b>Creditors: amount falling due after more than one year</b> | 13   | <b>(503)</b>   | -             |
| <b>Net assets attributable to members</b>                     |      | <b>10,803</b>  | 11,368        |
| <b>Members' other interests</b>                               |      |                |               |
| Members' capital  |      | -              | -             |
| Other reserves  |      | 10,803         | 11,368        |
| <b>Total members' interests</b>                               |      | <b>10,803</b>  | 11,368        |

These financial statements on pages 20 to 41 were approved by the board of members on 3 March 2017 and are signed on their behalf by:



**David Harrison**  
Designated member

3 March 2017



**Neil Johnson**  
Designated member

Registered number OC380771

Partnership balance sheet as at 31 December 2016

|  | Note | 2016<br>£'000   | 2015<br>£'000   |
|--|------|-----------------|-----------------|
| <b>Fixed assets</b>  |      |                 |                 |
| Intangible assets  | 8    | 40              | -               |
| Tangible assets  | 9    | 1,454           | 315             |
| Investment in subsidiary undertakings                          | 10   | 2,265           | 2,484           |
|  |      | <b>3,759</b>    | <b>2,799</b>    |
| <b>Current assets</b>  |      |                 |                 |
| Debtors  | 11   | 1,262           | 1,472           |
| Cash at bank and in hand                                       |      | 43              | -               |
| <b>Creditors: amounts falling due within one year</b>          | 12   | <b>(36,823)</b> | <b>(18,738)</b> |
| <b>Net current liabilities</b>                                 |      | <b>(35,518)</b> | <b>(17,266)</b> |
| <b>Total assets less current liabilities</b>                   |      | <b>(31,759)</b> | <b>(14,467)</b> |
| <b>Creditors: amounts falling due after more than one year</b> | 13   | <b>(503)</b>    | <b>-</b>        |
| <b>Net liabilities attributable to members</b>                 |      | <b>(32,262)</b> | <b>(14,467)</b> |
| <b>Members' other interests</b>                                |      |                 |                 |
| Members' capital   |      | -               | -               |
| Other reserves   |      | (32,262)        | (14,467)        |
| <b>Total members' interests</b>                                |      | <b>(32,262)</b> | <b>(14,467)</b> |

These financial statements on pages 20 to 41 were approved by the board of members on 3 March 2017 and are signed on their behalf by:



**David Harrison**  
Designated member

3 March 2017



**Neil Johnson**  
Designated member

Registered number OC380771

## Consolidated statement of changes in equity for the year ended 31 December 2016

| Group  | Members' other interests |                |          | Loans and other debts due to members less any amounts due from members in debtors | Total members' interests |
|--|--------------------------|----------------|----------|---|--------------------------|
|  | Members' capital         | Other reserves | Total    |   |                          |
|  | £'000                    | £'000          | £'000    |   |                          |
| At 1 January 2016  | -                        | -              | -        | 11,368  | 11,368                   |
| Profit for the financial year available for discretionary distribution among members | -                        | 14,791         | 14,791   | -   | 14,791                   |
| Members' interests after profit for the year   | -                        | 14,791         | 14,791   | 11,368  | 26,159                   |
| Divisions of profit  | -                        | (14,791)       | (14,791) | 14,791  | -                        |
| Drawings   | -                        | -              | -        | (3,240)   | (3,240)                  |
| Distribution of profit   | -                        | -              | -        | (12,020)  | (12,020)                 |
| Disposal of subsidiary   | -                        | -              | -        | (96)  | (96)                     |
| <b>Members' interests 31 December 2016</b>   | <b>-</b>                 | <b>-</b>       | <b>-</b> | <b>10,803</b>   | <b>10,803</b>            |

Partner drawings have been reduced by £2,571,000 in relation to a reimbursement by True Potential Group Limited in respect to services provided by those members in True Potential Group Limited.

Consolidated statement of changes in equity for the year ended 31 December 2016 (continued)

| Group  | Members' other interests |                |          | Loans and other debts due to members less any amounts due from members in debtors | Total         |
|--|--------------------------|----------------|----------|---|---------------|
|  | Members' capital         | Other reserves | Total    |   |               |
|  | £'000                    | £'000          | £'000    |   |               |
| At 1 January 2015  | 447                      | -              | 447      | 6,366   | 6,813         |
| Profit for the financial year available for discretionary distribution among members | -                        | 12,371         | 12,371   | -   | 12,371        |
| Members' interests after profit for the year   | 447                      | 12,371         | 12,818   | 6,366   | 19,184        |
| Members' interests-capital withdrawn   | (447)                    | -              | (447)    | -   | (447)         |
| Divisions of profit  | -                        | (12,371)       | (12,371) | 12,371  | -             |
| Drawings   | -                        | -              | -        | (3,738)   | (3,738)       |
| Other distributions  | -                        | -              | -        | (3,631)   | (3,631)       |
| <b>Members' interests 31 December 2016</b>   | <b>-</b>                 | <b>-</b>       | <b>-</b> | <b>11,368</b>   | <b>11,368</b> |

## Partnership statement of changes in equity for the year ended 31 December 2016

| Partnership  | Members' other interests |                |         | Loans and other debts due to members less any amounts due from members in debtors | Total members' interests |
|--|--------------------------|----------------|---------|---|--------------------------|
|  | Members' capital         | Other reserves | Total   |   |                          |
|  | £'000                    | £'000          | £'000   |   |                          |
| At 1 January 2016  | -                        | -              | -       | (14,467)  | (14,467)                 |
| Loss for the financial year available for discretionary distribution among members | -                        | (2,550)        | (2,550) | -   | (2,550)                  |
| Members' interests after loss for the year   | -                        | (2,550)        | (2,550) | (14,467)  | (17,017)                 |
| Divisions of loss  | -                        | 2,550          | 2,550   | (2,550)   | -                        |
| Drawings   | -                        | -              | -       | (3,225)   | (3,225)                  |
| Other distributions  | -                        | -              | -       | (12,020)  | (12,020)                 |
| <b>Members' interests 31 December 2016</b>   | -                        | -              | -       | <b>(32,262)</b>   | <b>(32,262)</b>          |

Partnership statement of changes in equity for the year ended 31 December 2016 (continued)

| Partnership  | Members' other interests |                |          | Loans and other debts due to members less any amounts due from members in debtors | Total members' interests |
|--|--------------------------|----------------|----------|---|--------------------------|
|  | Members' capital         | Other reserves | Total    |   |                          |
|  | £'000                    | £'000          | £'000    |   |                          |
| At 1 January 2015  | 447                      | -              | 447      | (4,361)   | (3,914)                  |
| Loss for the financial year available for discretionary distribution among members | -                        | (2,954)        | (2,954)  | -   | (2,954)                  |
| Members' interests after loss for the year   | 447                      | (2,954)        | (2,507)  | (4,361)   | (6,868)                  |
| Members' interests-capital withdrawn   | (447)                    | -              | (447)    | -   | (447)                    |
| Divisions of loss  | -                        | 2,954          | 2,954    | (2,954)   | -                        |
| Drawings   | -                        | -              | -        | (3,521)   | (3,521)                  |
| Other distributions  | -                        | -              | -        | (3,631)   | (3,631)                  |
| <b>Members' interests 31 December 2015</b>   | <b>-</b>                 | <b>-</b>       | <b>-</b> | <b>(14,467)</b>   | <b>(14,467)</b>          |

## Consolidated statement of cash flows for the year ended 31 December 2016

|   |      | 2016            | 2015    |
|---|------|-----------------|---------|
|   | Note | £'000           | £'000   |
| <b>Net cash inflow from operating activities</b>              | 15   | <b>14,319</b>   | 12,990  |
| <b>Cash flows from investing activities</b>                   |      |                 |         |
| Purchase of tangible fixed assets                             |      | (1,367)         | (79)    |
| Purchase of intangible fixed assets                           |      | (1,703)         | (569)   |
| Disposal of subsidiary (net cash)                             |      | (57)            | -       |
| <b>Net cash outflow from investing activities</b>             |      | <b>(3,127)</b>  | (648)   |
| <b>Cash flow from financing activities</b>                    |      |                 |         |
| Interest paid   |      | (83)            | (48)    |
| Payments to members   |      | (15,260)        | (7,369) |
| Capital withdrawals by members                                |      | -               | (447)   |
| Increase in finance lease & loan                              |      | 671             | -       |
| <b>Net cash outflow from financing activities</b>             |      | <b>(14,672)</b> | (7,864) |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(3,480)</b>  | 4,478   |

|   |      | 2016           | 2015  |
|---|------|----------------|-------|
|   | Note | £'000          | £'000 |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(3,480)</b> | 4,478 |
| Cash and cash equivalents at 1 January                        |      | <b>8,582</b>   | 4,104 |
| <b>Cash and cash equivalents at 31 December</b>               | 16   | <b>5,102</b>   | 8,582 |

## Statement of accounting policies

### Statement of compliance

These financial statements are prepared in compliance with the Companies Act 2006 as applicable to LLPs, the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the companies Act 2006 as applicable to LLPs. The members consider this to be appropriate due to the cash generative and profitable nature of the group. The principal accounting policies, which have been applied consistently throughout the year are set out below.

### Basis of consolidation

The consolidated financial statements include the results of True Potential LLP and all of its subsidiary undertakings up to 31 December 2016. No profit and loss account for the parent partnership has been presented as permitted by Section 408 of the Companies Act 2006. Uniform accounting policies are used in all entities within the group.

### Turnover

Turnover represents fees received for the provision of financial advisory, investment management and support services to financial advisers.

Turnover is recognised on a receivable basis and arises fully within the UK.

### Accounting judgements and estimates

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and contracted rates, including expectation of future events that are believed to be reasonable.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less estimated realisable value by annual instalments over their expected useful lives. The rates applicable on a straight line basis are as follows:

|   |                 |
|---|-----------------|
| <b>Fixtures, fittings and equipment</b> | 10% - 33 1/3%   |
| <b>Short leasehold buildings</b>        | length of lease |

### Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain disclosure exemptions, subject to certain conditions, which have been complied with including notification of, and no objection to, the use of exemptions by the Partnership's members.

The Partnership has taken advantage of the following exemptions in its individual financial statements:

From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows is included in these financial statements, includes the company's cash flows.

## Statement of accounting policies (continued)

### Intangible fixed assets and amortisation

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation through the profit and loss account over 10 years on a straight-line basis, which is the presumed useful economic life of goodwill under FRS 102.

Other intangible fixed assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets less estimated realisable value by annual instalments over their expected useful lives. The rates applicable on a straight line basis are as follows:

|                                   |     |
|-----------------------------------|-----|
| <b>Deferred Acquisition Costs</b> | 10% |
| <b>Software Licences</b>          | 20% |

### Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

### Provisions

Provisions are recognised when there is a present obligation, as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of that obligation can be made. Provisions for restructuring measures are made when a detailed, formal plan for the measures exists and well-founded expectations have been created among those who will be affected by the measures.

### Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

### Income tax

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements, other than tax attributable to one subsidiary in the group which is a limited company.

### Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year.

Notes to the financial statements for the year ended 31 December 2016

**1. Turnover**

Turnover represents fees earned in respect of the financial services activities of the group. Turnover is attributable to the group's continuing principal activity and arose wholly within the United Kingdom.

**2. Employee information**

The monthly average number of employees during the year was:

|                                      | 2016         | 2015   |
|--------------------------------------|--------------|--------|
|                                      | Number       | Number |
| <b>Management and administration</b> | <b>212</b>   | 155    |
|                                      | <b>2016</b>  | 2015   |
| <b>Staff costs:</b>                  | <b>£'000</b> | £'000  |
| Wages and salaries                   | <b>3,484</b> | 4,110  |
| Social security costs                | <b>501</b>   | 392    |
| Other pension costs                  | <b>44</b>    | 29     |
|                                      | <b>4,029</b> | 4,531  |

**3. Operating profit**

This is stated after charging:

|  | 2016       | 2015  |
|--|------------|-------|
|  | £'000      | £'000 |
| Depreciation of owned fixed assets                           | <b>283</b> | 220   |
| Amortisation of intangible assets                            | <b>141</b> | 53    |
| Auditors' remuneration - audit of group financial statements | <b>61</b>  | 48    |
| - other audit services                                       | <b>26</b>  | -     |
| - non-audit - taxation services                              | <b>44</b>  | 14    |
| Operating lease rentals - land and buildings                 | <b>808</b> | 762   |

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 4. Interest payable and similar charges

|  | 2016  | 2015  |
|--|-------|-------|
|  | £'000 | £'000 |
| Interest payable on borrowings during the period | 83    | 48    |

### 5. Tax on profit on ordinary activities

a) Analysis of tax charge for the year

|   | 2016 | 2015 |
|---|------|------|
|   | £    | £    |
| <b>Current tax:</b>                                   |      |      |
| United Kingdom corporation tax on profits of the year | -    | 12   |
| <b>Total current tax</b>                              | -    | 12   |
| <b>Deferred tax:</b>                                  |      |      |
| Origination and reversal of timing differences        | -    | -    |
| <b>Total deferred tax</b>                             | -    | -    |
| <b>Tax on profit on ordinary activities</b>           | -    | 12   |

Notes to the financial statements for the year ended 31 December 2016 (continued)

**6. Tax on profit on ordinary activities (continued)**

b) Factors affecting the current tax charge for the year

True Potential LLP is not subject to corporation tax. In 2015 a subsidiary of True Potential LLP, True Potential Associate Partners Limited, paid corporation tax.

The tax assessed for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

|  | 2016     | 2015      |
|--|----------|-----------|
|  | £'000    | £         |
| Profit on ordinary activities before taxation  | 14,791   | 12,371    |
| Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%) | 2,958    | 2,505     |
| Effects of:  |          |           |
| Net of non-taxable income and expenses not deductible for tax purposes   | (2,958)  | (2,493)   |
| Adjustment in relation to prior year tax   |          |           |
| <b>Total tax charge for the year</b>   | <b>-</b> | <b>12</b> |

c) Factors that may affect the future tax charge

The standard rate of UK Corporation Tax remains at 20%. The Finance Act 2016, which received Royal Assent on 15 September 2016, states that this rate will not change for financial year 2016. Deferred tax has been calculated accordingly in these financial statements.

In his budget of 16 March 2016, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. The effect of these announced reductions is not likely to be material. The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

**7. Profit and loss account**

As permitted by Section 408 of the Companies Act 2006, the parent partnership's profit and loss account has not been included in these financial statements. The parent partnership's loss for the financial year 2016 was £2,550,170 (2015: £2,954,000).

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 8. Intangible assets

| Group                           | Goodwill | Other<br>Intangibles | Total        |
|---------------------------------|----------|----------------------|--------------|
|                                 | £'000    | £'000                | £'000        |
| <b>Cost</b>                     |          |                      |              |
| At 1 January 2016               | 120      | 623                  | 743          |
| Additions                       | -        | 1,703                | 1,703        |
| Disposals                       | (120)    | -                    | (120)        |
| <b>At 31 December 2016</b>      | <b>-</b> | <b>2,326</b>         | <b>2,326</b> |
| <b>Accumulated amortisation</b> |          |                      |              |
| At 1 January 2016               | 12       | 82                   | 94           |
| Charge for the year             | -        | 141                  | 141          |
| Disposal                        | (12)     | -                    | (12)         |
| <b>At 31 December 2016</b>      | <b>-</b> | <b>223</b>           | <b>223</b>   |
| <b>Net book value</b>           |          |                      |              |
| <b>At 31 December 2016</b>      | <b>-</b> | <b>2,103</b>         | <b>2,103</b> |
| At 31 December 2015             | 108      | 541                  | 649          |

Notes to the financial statements for the year ended 31 December 2016 (continued)

8. Intangible assets (continued)

| Partnership                     | Other<br>Intangibles | Total     |
|---------------------------------|----------------------|-----------|
|                                 | £'000                | £'000     |
| <b>Cost</b>                     |                      |           |
| At 1 January 2016               | -                    | -         |
| Additions                       | 48                   | 48        |
| <b>At 31 December 2016</b>      | <b>48</b>            | <b>48</b> |
| <b>Accumulated amortisation</b> |                      |           |
| At 1 January 2016               | -                    | -         |
| Charge for the year             | 8                    | 8         |
| <b>At 31 December 2016</b>      | <b>8</b>             | <b>8</b>  |
| <b>Net book value</b>           |                      |           |
| <b>At 31 December 2016</b>      | <b>40</b>            | <b>40</b> |
| At 31 December 2015             | -                    | -         |

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 9. Tangible assets

| Group                           | Fixtures,<br>fittings and<br>equipment | Short<br>leasehold<br>buildings | Total        |
|---------------------------------|--|---------------------------------|--------------|
|                                 | £'000                                  | £'000                           | £'000        |
| <b>Cost</b>                     |  |                                 |              |
| At 1 January 2016               | 2,162                                  | 77                              | 2,239        |
| Additions                       | 1,367                                  | -                               | 1,367        |
| <b>At 31 December 2016</b>      | <b>3,529</b>                           | <b>77</b>                       | <b>3,606</b> |
| <b>Accumulated depreciation</b> |  |                                 |              |
| At 1 January 2016               | 1,223                                  | 28                              | 1,251        |
| Charged during the year         | 273                                    | 10                              | 283          |
| <b>At 31 December 2016</b>      | <b>1,496</b>                           | <b>38</b>                       | <b>1,534</b> |
| <b>Net book value</b>           |  |                                 |              |
| <b>At 31 December 2016</b>      | <b>2,033</b>                           | <b>39</b>                       | <b>2,072</b> |
| At 31 December 2015             | 939                                    | 49                              | 988          |

Notes to the financial statements for the year ended 31 December 2016 (continued)

9. Tangible assets (continued)

| Partnership                     | Fixtures,<br>fittings and<br>equipment | Total        |
|---------------------------------|--|--------------|
|                                 | £'000                                  | £'000        |
| <b>Cost</b>                     |  |              |
| At 1 January 2016               | 372                                    | 372          |
| Additions                       | 1,236                                  | 1,236        |
| <b>At 31 December 2016</b>      | <b>1,608</b>                           | <b>1,608</b> |
| <b>Accumulated depreciation</b> |  |              |
| At 1 January 2016               | 57                                     | 57           |
| Charged during the year         | 97                                     | 97           |
| <b>At 31 December 2016</b>      | <b>154</b>                             | <b>154</b>   |
| <b>Net book value</b>           |  |              |
| <b>At 31 December 2016</b>      | <b>1,454</b>                           | <b>1,454</b> |
| At 31 December 2015             | 315                                    | 315          |

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 10. Investments in subsidiary undertakings

|                            |                        |
|----------------------------|------------------------|
| Partnership                | <b>Total<br/>£'000</b> |
| <hr/>                      |                        |
| <b>Cost</b>                |                        |
| At 1 January 2016          | 2,484                  |
| Disposal                   | (219)                  |
| <hr/>                      |                        |
| <b>At 31 December 2016</b> | <b>2,265</b>           |
| <hr/>                      |                        |

During the year, True Potential LLP disposed of its investment in True Potential Associate Partners Limited for a consideration of £207,208.

An impairment review on the goodwill in the consolidated financial statements of True Potential LLP was carried out in 2015 for £12,000.

Details of investments held by the partnership are as follows:

| Subsidiary undertakings                | Country of registration | Proportion of ordinary shares held | Nature of business   |
|--|-------------------------|------------------------------------|--|
| True Potential Adviser Services LLP    | England and Wales       | 100%                               | Provision of services to financial services distribution firms |
| True Potential Investments LLP         | England and Wales       | 100%                               | Provision of a Wealth Platform                                 |
| True Potential Wealth Management LLP   | England and Wales       | 100%                               | Wealth Management Firm   |
| True Potential Trustee Company Limited | England and Wales       | 100%                               | Pension Trustee  |

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

Notes to the financial statements for the year ended 31 December 2016 (continued)

11. Debtors

|                                     | Group        |              | Partnership  |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2016         | 2015         | 2016         | 2015         |
|                                     | £'000        | £'000        | £'000        | £'000        |
| Amounts due from group undertakings | 2,470        | -            | -            | -            |
| Other debtors                       | 5,279        | 4,353        | 742          | 560          |
| Prepayments and accrued income      | 1,206        | 1,815        | 520          | 912          |
|                                     | <b>8,955</b> | <b>6,168</b> | <b>1,262</b> | <b>1,472</b> |

The balances owed by group undertakings are all unsecured, interest free and have no fixed date of repayment.

12. Creditors: amounts falling due within one year

|                                   | Group        |              | Partnership   |               |
|-----------------------------------|--------------|--------------|---------------|---------------|
|                                   | 2016         | 2015         | 2016          | 2015          |
|                                   | £'000        | £'000        | £'000         | £'000         |
| Trade creditors                   | 1,988        | 806          | 205           | 84            |
| Amounts due to group undertakings | -            | -            | 36,209        | 13,765        |
| Taxation and social security      | 370          | 132          | 151           | -             |
| Pension Contributions             | 11           | 7            | 5             | -             |
| Other creditors                   | 2,873        | 2,812        | 5             | -             |
| Accruals and deferred income      | 1,516        | 1,262        | 80            | 61            |
| Finance loan                      | 168          | -            | 168           | -             |
| Overdraft                         | -            | -            | -             | 4,828         |
|                                   | <b>6,926</b> | <b>5,019</b> | <b>36,823</b> | <b>18,738</b> |

The balances owed by group undertakings are all unsecured, interest free and have no fixed date of repayment.

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 13. Creditors: amounts falling due after more than one year

|              | Group |       | Partnership |       |
|--------------|-------|-------|-------------|-------|
|              | 2016  | 2015  | 2016        | 2015  |
|              | £'000 | £'000 | £'000       | £'000 |
| Finance Loan | 503   | -     | 503         | -     |

### 14. Total members' interests

Members' capital contributions are determined by reference to the working capital needs of the business. Individual members' capital contributions are set by the Group Managing Board.

The amount in respect of the highest paid member in the year ended 31 December 2016 is £240,680 (2015: £448,570).

The total key management personnel compensation for the year is £520,680 (2015:£950,570).

Loans and other debts due to members rank in priority to other unsecured creditors.

Notes to the financial statements for the year ended 31 December 2016 (continued)

15. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

|  | 2016          | 2015    |
|--|---------------|---------|
|  | £'000         | £'000   |
| <b>Profit for the financial year</b>           | <b>14,791</b> | 12,371  |
| Net interest expense                           | 83            | 48      |
| Tax on profit on ordinary activities           | -             | 12      |
| <b>Operating profit</b>                        | <b>14,874</b> | 12,431  |
| Depreciation                                   | 283           | 220     |
| Amortisation of intangibles                    | 141           | 53      |
| Increase in debtors                            | (2,722)       | (2,676) |
| Increase in creditors                          | 1,743         | 2,974   |
| Corporation tax paid                           | -             | (12)    |
| <b>Net cash flow from operating activities</b> | <b>14,319</b> | 12,990  |

16. Analysis of changes in net funds

|                          | At 31<br>January<br>2016 | Cash flow      | At 31<br>December<br>2016 |
|--------------------------|--------------------------|----------------|---------------------------|
|                          | £'000                    | £'000          | £'000                     |
| Cash at bank and in hand | 8,582                    | (3,480)        | 5,102                     |
| <b>Net funds</b>         | <b>8,582</b>             | <b>(3,480)</b> | <b>5,102</b>              |

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 17. Operating lease commitments

The group had the following future minimum lease payments under non-cancellable operating leases expiring for each of the following periods:

|   | 2016         | 2015         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Not later than one year                           | 218          | 477          |
| Later than one year and not later than five years | 2,456        | 1,845        |
| Later than five years                             | 2,434        | 2,086        |
|   | <b>5,108</b> | <b>4,408</b> |

### 18. Related party transactions

The company has taken advantage of the exemption in FRS 102 para 33 'Related party disclosures' not to disclose transactions with other members of the Group headed by True Potential Group Limited, on the grounds that it is a wholly owned subsidiary of True Potential Group Limited, whose financial statements are publicly available. There were no other related party transactions in the year (2015: none).

### 19. Ultimate controlling party

The ultimate parent undertaking and controlling party is True Potential Group Limited, a UK registered Limited Liability Company. Copies of the parent's consolidated financial statements can be obtained from Newburn House, Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX.

## FIND OUT MORE

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[www.tpllp.com/2016](http://www.tpllp.com/2016)



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