Foster Denovo Group Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 06033941

Foster Denovo Group Limited

Company Information

Directors	R N Brosch D S Currie H M Lovett A Taylor P J Davies A R Jordache (resigned 31 January 2022) J G Redman (appointed 28 February 2022)
Registered number	06033941
Registered office	2nd Floor, 20 St Dunstan's Hill London EC3R 8HL
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Foster Denovo Group Limited

Contents

Foster Denovo Group Limited

Group Strategic Report
For the Year Ended 31 December 2021

REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Foster Denovo Group Limited is a non-trading holding company for a Group of companies that are collectively engaged in providing regulated financial advice, including investment management, to private clients and corporate entities. The Group provides a wide range of advice relating to personal financial planning, pensions, employee benefits, mortgages, insurance and investments. The Group's operating subsidiaries are authorised and regulated by the Financial Conduct Authority ("FCA").

The Group's principal operating subsidiaries, all of which are 100% owned are as follows:

- Foster Denovo Limited ("FDL") – a regulated financial adviser.
- TEBC Limited ("TEBC") – an employee benefits consultancy based in Marlow, Buckinghamshire.
- Sequel Investments Limited ("SIL" or "Sequel") – a sponsor of a range of investment funds, and a provider of investment advice.
- FD Dynamic Portfolios Limited ("FDDP") – a provider of knowledge and expertise to manage the dynamic portfolios offered as an investment solution to clients of the Group.
- Foster Denovo Group Services Limited ("FDGS") – an unregulated internal service company.

FDL and TEBC are regulated by the Financial Services Authority (FCA). SIL and FDDP are appointed representatives of FDL. The rest of the Group companies are unregulated.

Strategy and business model

The Group's strategy is to develop and scale its business through focussed recruitment of professional staff, acquisitions of complementary businesses, and organic growth. The Group's business model is to earn sustainable recurring revenues from long-term client relationships, corporate and individual.

Through its operating subsidiaries, the Group provides detailed and high quality advice on financial planning, estate planning, cashflow forecasting and investment to its clients. The integration of financial planning and investment advice is a key part of the business model, ensuring that clients receive holistic and comprehensive advice. Further, the focus on client needs and outcomes is central to the Group's proposition, and results in long-term relationships. This advice is provided through a mix of employed and self-employed practitioners, termed "Partners", reflecting the collegiate culture of the Group. The Group provides technical and operational support, including compliance, to its Partners who operate to agreed standards. The Group handles quality assurance and compliance centrally, ensuring compliance with regulation and best practice.

The Group's activities are wholly within Great Britain.

The demand for financial advice continues to increase, driven by legislative and regulatory changes, consistently lower yields on investments, and the transfer of investment risk on pensions from employers to employees. Within the corporate sector, employers are keen to provide financial education and pension advice. These trends, together with increased levels of regulation and capital resource requirements, provide significant challenges to the industry as a whole. The Group's approach is to ensure that it continues to have the scale, resources and infrastructure to enable it to take advantage of these trends.

The Group's growth therefore is based around attracting new Partners, who see the advantages of being able to run their own businesses, whilst outsourcing technical and compliance support. This also applies to smaller financial advisory businesses, who would benefit from being part of a larger entity that can provide more cost-effective support. The Group's operations are capable of supporting a substantially larger business with only limited incremental overheads. Accordingly, the Group will continue to seek to recruit further Partners and suitable acquisition opportunities.

Review of business

The Group's revenues amounted to £26.6m (2020 - £21.7m) an increase of 23%.

Revenues from private client (including private wealth, mortgages and related matters) activities amounted to £16.7m (2020 - £13.6m). Of this approximately 67% (2020 - 70%) related to continuing service rather than initial fees.

Gross revenues from corporate advice amounted to £6.8m (2020 - £5.8m).

Revenues from Investment Solutions (SIL and FDDP) grew by 47% to £2.5m (2020 - £1.7m). At 31 December 2021, funds under management within Sequel's principal funds amounted to £305m (2020 - £294m), within advice based pension funds £480m (2020 - £424m) and within the Dynamic Portfolios £390m (2020 - £227m).

Overall gross margin decreased to 48.8% (2020 – 52.1%). Group operating expenses, including the direct costs of providing support to Partners amounted to £13.6m (2020 - £10.4m).

Group EBITDA, amounted to £1.4m (2020 - £0.7m). Excluding one off costs of £0.2m the underlying operational EBITDA is £1.6m, an increase of £0.9m on the 2020 result. This increase reflects both organic growth in revenues, the positive effect of recruitment and the benefit to Group revenues and profit from the continuing investment made in the investment solutions.

The profit before tax for the year was £0.9m (2020 – a loss of £0.2m) reflecting the impact of interest, goodwill amortisation, depreciation and exceptional items. The drivers for the underlying increase are the same as for EBITDA.

New funding received in early 2022 – post balance sheet event

The Group announced in early April 2022 that it had secured up to £100m of funding from Crestline Investors Inc. The investment will fund the Group's acquisition and growth strategy and the transaction was completed in February 2022. The Group has used the initial funding to undertake a series of acquisitions in the form of adviser practice buy-outs covering four of the largest private client and corporate practices operating under the Group. The Group expects to use further drawdowns to fund further acquisitions in line with strategy.

The initial amount drawn down was £17.3m with the Group issuing 5.2m new preferred shares. As well as acquiring the four practices, the investment has been used to fund the repurchase of 12.7m Ordinary shares. The acquisition of the four practices is expected to increase EBITDA significantly in 2022.

Going concern

As noted in the review of business section above the Group has had a more profitable year in 2021 than in 2020. This enabled the Directors to enter into discussions with potential investors resulting in the completion of a funding transaction in early 2022.

As noted immediately above in the post balance sheet event section, the first drawdown of this additional funding has been immediately put to use by the Group though the initial acquisition of the four largest adviser practice buy-outs. The funding and acquisitions increase both the EBITDA of the Group and the operational cash flow of the Group, putting the Group in a stronger financial position.

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. In reaching this conclusion Management considered the results on a number of scenario tests on the Group's forward looking results and cash flow projections.

Risk management and governance

As set out in detail below, the Group's activities in the regulated financial advice sector do carry risk. The Group has in place stringent quality assurance, training and compliance standards to manage these risks. A key part of the Risk Management process is the Group's "Conduct and Operational Risk Committee", chaired by Helen Lovett. This committee meets quarterly and reviews in detail a range of performance based indicators and risk reports from senior managers that focus on the maintenance of business standards and the proactive management of risks.

At the corporate level, overall business performance is kept under review by the Executive Team, comprising Roger Brosch, Helen Lovett and Philip Davies. The performance of individual subsidiaries and divisions is monitored and reviewed by the Executive Team and the overall Board of the Group.

Future developments

The Group will continue to develop its business through focussed recruitment, the acquisition of complementary businesses and continued expansion of the investment solutions offerings.

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

Principal risks, uncertainties and financial instruments

The business of FDL is to provide financial advice to clients and as part of this recommend financial products and so is active in the sale of regulated financial products. As a consequence, FDL's activities are regulated which gives rise to a number of risks, including censure by the FCA. Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see note 20). FDL operates a strict compliance regime, including regular compliance audits of financial advisers, to mitigate such risks and has arranged professional indemnity insurance which conforms to the requirements of the FCA.

FDL receives commission from some providers on an indemnity basis and these may become repayable in the event that a policy is cancelled or amended subsequent to its sale. Where such clawbacks of commission occur, FDL recharges a proportion of such amounts to the relevant financial adviser (see notes 14 and 20). As a consequence, to mitigate the risk of accepting commission on an indemnity basis, FDL monitors such activity and the ability of its financial advisers to service their clawback liabilities to FDL. Market and regulatory changes mean that the proportion of revenue derived on an indemnity basis has decreased significantly with a resulting reduction in associated provisions.

Competitive risk is a continuing risk to FDL, which could result in lost revenue. FDL manages this risk by providing an excellent service to its clients and adding value to its advisers, having fast response times not only in supplying services and products, but by maintaining strong relationships with Partners. FDL has also invested to ensure that support staff are capable and engaged. Gold accreditation from the Investors in People and high scores from engagement surveys validate the results in this area.

The principal risks and uncertainties of Sequel and FDDP relate to the level of fund inflows generated by financial advisers, their retention thereafter and, of course, the performance of the Sequel OEIC, the Sequel pension funds and the FDDP Dynamic Portfolios, to which the first two are linked. Sequel and FDDP manage this risk by ensuring that the investment propositions continue to meet the needs of clients.

In common with all other businesses, the Group holds or issues financial instruments to finance its operations and is exposed to risks that arise from its use of those financial instruments. Various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations. The Group does not enter into hedging agreements.

The Group maintains sufficient liquidity to enable it to conduct its operations in an orderly manner and meet its obligations as they arise.

Board and senior management

The Group Board meets quarterly to review all aspects of the Group's performance, financial position and strategy.

In addition to the main Board, the Group has a number of internal forums that comprise influential stakeholders in the business. In particular, the "Equity Partner Group", the "Key Shareholder Forum" and the "Leadership Team" bring together those Partners and employees who have a significant interest in the success of the Group. The input to the Group's development from these forums has proved invaluable during 2021.

Policy and Practice on the payment of creditors

It is the policy of the Group to pay all trade creditors by the due date, unless alternate credit terms have been agreed. In the latter case, the Group pays its suppliers in accordance with those agreed terms and conditions, provided that all trading terms and conditions have been complied with.

Statement in compliance with section 172(1) of CA 2006

The Directors have a duty to promote the success of the Group and our related stakeholders. A Director must act in the way he or she considers, in good faith, to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of our employees;
- The need to foster business relationships with our suppliers, clients and others;
- The impact of operations on our communities and environment;
- The desirability to maintain a reputation for high standards of business conduct; and
- The need to act fairly across all members.

The directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

In considering their duty under s172, the directors have identified the following key stakeholders, in addition to shareholders:

- Clients – we work with our clients to understand their needs and help them achieve their goals and outcomes. We have regular client service reviews to monitor how we are doing;
- Employees and Self-Employed Advisors – we promote a diverse workforce and provide an inclusive work environment with regular communication and feedback to and from employees and self-employed advisors. We monitor progress internally and against industry benchmarks through the use of surveys and regular meetings and have achieved IIP silver status;
- Environment and community – the company and wider Group sponsor an initiative to improve collaboration, communication and wellbeing through considering charity / wellbeing, environmental and social considerations;

- Regulators – we maintain appropriate compliance and prudential processes and controls to ensure compliance with the industry regulatory requirements and future developments; and
- Suppliers – we aim to promote long term partnerships with key suppliers.

As already noted in the “Review of business” section of this report a number of key decisions were made during the year. These included:

- Refinements to the business model to enable on-line as well as face-to-face working and combinations of the two as suitable to best fit client demand and needs; and
- The commitment to search for an investment partner to fund the next phase of growth (funding transaction with Crestline Investors Inc completed after the 2021 year end in February 2022.

These key decisions are all taken to expand the customer base and provide a better experience to clients and hence improve the revenues and profitability of the Group. As such they also benefit employees and self-employed advisors and the other key stakeholder groups identified.

The Strategic Report was approved by the Board on 1 December 2022 and signed on its behalf.

R N Brosch
Chief Executive

Directors' Report
For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Dividends paid

There were no dividends paid in 2021 (2020 £Nil).

Directors

The directors who served during the year were:

R N Brosch
D S Currie
H M Lovett
A Taylor
P J Davies
A R Jordache – resigned 31 January 2022

Disclosure of information to auditors

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

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

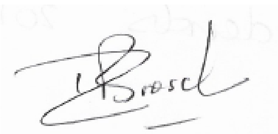
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Annual General Meetings

In accordance with the provisions of the Companies Act legislation the Company has dispensed with the holding of Annual General Meetings.

This report was approved by the board on 1 December 2022 and signed on its behalf.



R N Brosch
Director

Independent Auditor's Report to the Members of Foster Denovo Group Limited
For the Year Ended 31 December 2021

Opinion on the financial statements

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Foster Denovo Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Parent Company and Group and the industry in which they operate, and considered the risk of acts by the Parent Company and Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to compliance with Companies Act 2006, relevant accounting standards and UK tax legislation. We assessed the extent of compliance as part of our procedures on the related financial statement areas. We considered compliance through discussions with management and those charged with governance and performed audit procedures on these areas as considered necessary.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals and other adjustments, evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates.

We read minutes of board minutes to identify any non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including any specialists, to ensure we remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Andrew Barclay
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Andrew Barclay (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
1 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Foster Denovo Group Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	**2021** **£'000**	2020 £'000
Revenue	3	**26,560**	21,678
Cost of sales		**(13,591)**	(10,376)
Gross profit		**12,969**	11,302
Administrative expenses:			
Normal		**(11,532)**	(10,590)
Depreciation and amortisation		**(583)**	(643)
Group operating profit			
Before depreciation and amortisation	4	**1,437**	712
After depreciation and amortisation		**854**	69
Interest receivable and similar income	8	**198**	7
Interest payable and similar charges	9	**(148)**	(312)
Profit / (loss) on ordinary activities before taxation		**904**	(236)
Taxation on profit / (loss) on ordinary activities	10	**(299)**	9
Total comprehensive profit / (loss) for the financial year		**605**	(227)

The notes on pages 18 to 42 form part of these financial statements.

Foster Denovo Group Limited
Registered number: 06033941

Consolidated Statement of Financial Position
As at 31 December 2021

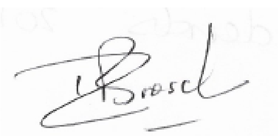
	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	11		**3,160**		3,754
Tangible assets	12		**194**		268
			3,354		4,022
Current assets					
Debtors	14	**3,889**		3,129	
Cash at bank and in hand		**3,925**		3,407	
		7,814		6,536	
Current liabilities					
Creditors: amounts falling due within one year	15	**(6,345)**		(6,024)	
Net current assets			**1,469**		512
Total assets less current liabilities			**4,823**		4,534
Creditors: amounts falling due after more than one year	16		**(25)**		(39)
Provisions for liabilities					
Other provisions	20		**(289)**		(624)
Net assets			**4,509**		3,871

Foster Denovo Group Limited
Registered number: 06033941

Consolidated Statement of Financial Position (continued)
As at 31 December 2021

	Note	2021 £'000	2020 £'000 ()
Capital and reserves			
Called up share capital	21	**742**	739
Share premium account		**2,563**	2,548
Profit and loss account		**1,204**	584
		4,509	3,871

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 December 2022.



R N Brosch
Director

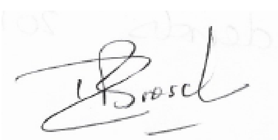
The notes on pages 18 to 42 form part of these financial statements.

Foster Denovo Group Limited
Registered number: 06033941

Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	13		**11,887**		11,372
Current assets					
Debtors	14	**2,085**		2,118	
Cash at bank and in hand		**5**		46	
		2,090		2,164	
Current liabilities					
Creditors: amounts falling due within one year	15	**(6,494)**		(8,007)	
Net current assets			**(4,404)**		(5,843)
Total assets less current liabilities			**7,482**		5,529
Net assets			**7,482**		5,529
Capital and reserves					
Called up share capital	21		**742**		739
Share premium account			**2,563**		2,548
Profit and loss account carried forward			**4,177**		2,242
			7,482		5,529

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,920k (2020 - Loss of £554k).
The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 December 2022



R N Brosch
Director

The notes on pages 18 to 42 form part of these financial statements.

Foster Denovo Group Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	**739**	**2,548**	**584**	**3,871**
Comprehensive profit for the year				
Profit for the year	-	-	605	605
Total comprehensive profit for the year	**-**	**-**	**605**	**605**
Contributions by and distributions to equity interests				
Share based payment	-	-	15	15
Shares Issued during the year	3	15	-	18
Total Contributions	**3**	**15**	**15**	**33**
At 31 December 2021	**742**	**2,563**	**1,204**	**4,509**

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	**739**	**2,548**	**786**	**4,073**
Comprehensive loss for the year				
Loss for the year	-	-	(227)	(227)
Total comprehensive loss for the year	**-**	**-**	**(227)**	**(227)**
Contributions by and distributions to equity interests				
Share based payment	-	-	25	25
Shares Issued during the year	-	-	-	-
Total Contributions	**-**	**-**	**25**	**25**
At 31 December 2020	**739**	**2,548**	**584**	**3,871**

The notes on pages 18 to 42 form part of these financial statements.

Foster Denovo Group Limited

Company Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	**739**	**2,548**	**2,242**	**5,529**
Comprehensive profit for the year				
Profit for the year	**-**	**-**	**1,920**	**1,920**
Total comprehensive profit for the year	**-**	**-**	**1,920**	**1,920**
Contributions by and distributions to owners				
Shares issued during the year	3	15	-	18
Share based payment	-	-	15	15
Total contributions by and distributions to owners	**3**	**15**	**15**	**33**
At 31 December 2021	**742**	**2,563**	**4,177**	**7,482**

Company Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	**739**	**2,548**	**2,771**	**6,058**
Comprehensive loss for the year				
Loss for the year	**-**	**-**	**(554)**	**(554)**
Total comprehensive loss for the year	**-**	**-**	**(554)**	**(554)**
Contributions by and distributions to owners				
Shares issued during the year	-	-	-	-
Share based payment	-	-	25	25
Total contributions by and distributions to owners	**-**	**-**	**25**	**25**
At 31 December 2020	**739**	**2,548**	**2,242**	**5,529**

The notes on pages 18 to 42 form part of these financial statements.

Foster Denovo Group Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 £'000	2020 £'000
Profit / (Loss) on ordinary activities before tax	**904**	(236)
Depreciation and amortisation and change in estimate of goodwill	**583**	643
Interest receivable	**(198)**	(7)
Interest payable	**148**	312
Share based payment charges	**15**	25
Decrease / (increase) in trade and other debtors	**(861)**	1,630
Increase in trade and other creditors and provisions	**1,453**	28
Corporation tax paid	**(29)**	9
Operating cash flow	**2,015**	2,404
Cash flows from investing activities		
(Purchase) of tangible fixed assets	**(29)**	(92)
Deferred consideration on fixed asset investments	**(609)**	(953)
Interest received	**4**	7
Net cash used in investing activities	**(634)**	(1,038)
Cash flows from financing activities		
Issue of ordinary shares	**18**	-
(Repayment) of finance leases	**(14)**	(14)
Repayment of loan made	**-**	-
Loans (repaid)	**(850)**	(50)
Interest paid	**(17)**	(84)
Net cash (outflow) from financing activities	**(863)**	(148)
Net increase in cash and cash equivalents	**518**	1,218
Cash and cash equivalents at beginning of year	**3,407**	2,189
Cash and cash equivalents at the end of year	**3,925**	3,407

The notes on pages 18 to 42 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Foster Denovo Group Limited is a company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

Going Concern

The directors have a reasonable expectation that the Group and company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors have considered the following: budgeted and projected results of the business, projected cash flow and the risks that could impact on the Group's and company's liquidity and capital over the next twelve months including the impact of the COVID-19 pandemic. To help inform their conclusion the directors assessed the impact of scenarios covering reductions in revenue across different business areas. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1. Accounting policies (continued)

1.3 Revenue

Revenue comprises the value of commissions and fees receivable, excluding VAT, in the normal course of business. All revenue arises in the United Kingdom. Initial commissions are accounted for when the policies are accepted by the product providers, or mortgages complete, after taking into account provisions for the potential cancellation of policies where commission is received under indemnity terms. Non-indemnity fees and commissions are recognised on an accruals basis.

1.4 Intangible assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years. Other intangible assets are amortised on a straight line basis to 'depreciation and amortisation' in the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets are amortised over a period of 5 years.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer’s interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to 'administrative expenses' in the Consolidated Statement of Comprehensive Income over its useful economic life.

Goodwill is amortised over a period of 10 years.

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 4 years
Fixtures and fittings	- 4 years
Computer equipment	- 3 years
Computer software	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

1.6 Impairment of fixed assets and intangible assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit 'CGU' to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset’s (or CGU’s) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped into either an advice business CGU or an investment business CGU. The advice business CGU comprises the legal entities Foster Denovo Limited, TEBC Limited, Foster Denovo Group Services Limited, Orchard Wealth Cultivation Limited and Secondsight UK Limited. The investment business CGU comprises the legal entities FD Dynamic Portfolios Limited and Sequel Investments Limited. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Financial instruments

The Group only enters into basic financial instruments which result in financial assets and liabilities such as trade and other receivables and payables and investments in non-puttable ordinary shares. Non-puttable means that the holder, in this case the Company or one of its subsidiary undertakings, has no right to exchange those shares for cash or another financial instrument.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1. Accounting policies (continued)

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

i) At fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably; and
ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Short term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

1. Accounting policies (continued)

The Group operates a convertible loan stock scheme for the advisers. The fair value of the options is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The proceeds received from the convertible loan stock scheme are allocated to liabilities until the options are exercised.

1.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.12 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.14 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.15 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight line basis over the term of the lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from ‘wear and tear’, the provision is accrued as the ‘wear and tear’ occurs.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.17 Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Group as a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Provisions are made where an event has taken place that gives the Group a legal or constructive obligation at the year end. Estimates, assumptions and judgements relate to the determination or carrying value of these provisions. This includes an estimate for the costs to settle any outstanding claims against the Group.
- Revenues contain advice fees that are collected by financial product providers and then paid to the Group. The revenue for the year contains an estimate for the element of these fees that are receivable at the year-end and paid to the Group after the year end.

3. Analysis of revenue

All revenue arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	**102**	115
Amortisation of intangible assets, including goodwill	**481**	528
Share based payment	**15**	25

5. Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**10**	7
Fees payable to the Group's auditor and its associates in respect of:		
- the audit of the Company's subsidiaries	**152**	125
- taxation compliance services	**35**	38
	183	163

6. Employees

	Group 2021 £'000	Group 2020 £'000
Wages and salaries	**8,685**	7,610
Social security costs	**819**	759
Cost of defined contribution scheme	**504**	419
	10,008	8,788

The Group provides services to self-employed financial advisors (called partners). Of the above total, an amount of £2,938k (2020 £2,880k) was recovered from self-employed partners.

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	**6**	6
Employed Advisers	**17**	19
Administration	**183**	187
	206	**212**

7. Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments	**799**	683
Company contributions to defined contribution pension schemes	**58**	36
	857	719

The highest paid director received remuneration of £210k (2020 £185k).

There were two directors in the company's defined contribution pension scheme during the year (2020 two).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17k (2020 £5k).

Out of the share based payments charge (see note 4), £2k related to share based payments to directors. (2020 - £(11)k)

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,072k (2020 £986k).

8. Interest receivable

	2021 £'000	2020 £'000
Other interest receivable	**4**	7
Loan interest receivable	**194**	-
Interest receivable	**198**	7

Loan interest receivable relates to the write back of interest charged to the P&L in previous years. This arises as under the terms of a short-term loan by six lenders of £920k to the Group, the lenders had the choice to receive their interest as cash interest or options over ordinary shares. For the 2019 and 2020 financial years, cash interest was accrued in line with the terms of the loan as this was the expected outcome. Following the completion of the investment from Crestline Inc in early 2022 (see the post balance sheet comment in the Director's report) all the lenders have elected to receive options over ordinary shares rather than cash interest. Accordingly, the interest accrued as payable in previous years has been reversed and recognised as Loan interest receivable in 2022.

9. Interest payable and similar charges

	2021 £'000	2020 £'000
Loan interest payable	**41**	296
Finance leases and hire purchase contracts	**2**	2
Other interest payable	**105**	14
	148	312

10. Taxation

	2021 £'000	2020 £'000
Corporation tax	**198**	
Total current tax	**198**	-
Deferred tax		
Origination and reversal of timing differences	**163**	6
Adjustment in respect of previous period	**(5)**	4
Effect of tax rate change on opening balance	**(57)**	**(19)**
Total deferred tax charge / (credit)	**101**	(9)
Taxation on profit/(loss) on ordinary activities	**299**	(9)

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 higher than) the standard rate of corporation tax in the UK of 19% (2020 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit / Loss on ordinary activities before tax	**904**	(236)
Profit / Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**172**	(45)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**105**	73
Capital allowances for year in excess of depreciation	**48**	55
Other timing differences leading to an increase in taxation	**-**	-
Origination and reversal of timing differences	**-**	-
Remeasurement of deferred tax for changes in tax rates	**(20)**	(19)
Adjustment in respect of previous period - deferred tax	**(5)**	2
Prior year deferred tax adjustments	**-**	(17)
Movement in deferred tax not recognised	**3**	-
Other adjusting items	**-**	(57)
Non-taxable income	**(4)**	(1)
Total tax charge / (credit) for the year	**299**	(9)

The Group has accumulated tax losses carried forward of £228k (2020 £1,046k).

Factors affecting tax charge for the year
The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

Foster Denovo Group Limited

11. Intangible assets

Group

	Other intangible assets £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2021	769	6,465	7,234
Change in goodwill from acquisitions due to a change in estimate of the deferred payments	-	(113)	(113)
Written off during the year as fully amortised		(1,295)	(1,295)
At 31 December 2021	769	5,057	5,826
Amortisation			
At 1 January 2021	769	2,711	3,480
Provided for the year	-	481	481
Written off during the year as fully amortised		(1,295)	(1,295)
At 31 December 2021	769	1,897	2,666
Net book value			
At 31 December 2021	-	3,160	3,160
At 31 December 2020	-	3,754	3,754

12. Tangible fixed assets

Group

	Leasehold land and buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Computer software £'000	Total £'000
Cost or valuation					
At 1 January 2021	**477**	**367**	**461**	**374**	**1,679**
Additions	**16**	**2**	**11**	**-**	**29**
At 31 December 2021	**493**	**369**	**472**	**374**	**1,708**
Depreciation					
At 1 January 2021	**379**	**352**	**387**	**294**	**1,412**
Provided for the year	**27**	**6**	**43**	**26**	**102**
At 31 December 2021	**406**	**358**	**430**	**320**	**1,514**
Net book value					
At 31 December 2021	**87**	**11**	**42**	**54**	**194**
At 31 December 2020	98	15	74	80	267

The net book value of tangible fixed assets includes an amount of £39k (2020 £53k) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £14k (2020 £14k).

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Company number	Country of incorporation	Class of shares	Holding	Principal activity
Foster Denovo Limited	05970987	England and Wales	Ordinary	100%	Financial advice
Foster Denovo Group Services Limited	06966738	England and Wales	Ordinary	100%	Services Company
Sequel Investments Limited	06751956	England and Wales	Ordinary	100%	Sponsor of investment funds
FDERL Oldco Limited	08114721	England and Wales	Ordinary	100%	Dormant
Foster Denovo Regulatory Services Limited	07441279	England and Wales	Ordinary	100%	Dormant
Secondsight UK Limited	05477434	England and Wales	Ordinary	100%	Dormant
TEBC Limited	04674059	England and Wales	Ordinary	100%	Financial advice
FD Dynamic Portfolios Limited	11721242	England and Wales	Ordinary	100%	Fund Management
Orchard Wealth Cultivation Limited	05383425	England and Wales	Ordinary	100%	Financial advice

The registered office of Foster Denovo Limited, and Foster Denovo Group Services Limited is Ruxley House, 2 Hamm Moor Lane, Addlestone, Surrey KT15 2SA.

The registered office of all other companies is 2nd Floor, 20 St Dunstan’s Hill, London EC3R 8HL.

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £'000
Cost	
At 1 January 2021	**11,372**
Further investment in Foster Denovo Limited	**500**
Cost of share based payments relating to subsidiary companies	**15**
At 31 December 2021	**11,887**
Net book value	
At 31 December 2021	**11,887**
At 31 December 2020	11,372

The cost of share based remuneration (note 1.10) relating to subsidiaries is treated as a further investment in those subsidiaries.

14. Debtors

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Due after more than one year				
Deferred Tax Asset (note 20)	**76**	177	**-**	-
Other debtors	**261**	236	**-**	-
	337	413	**-**	-

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Due within one year				
Trade debtors	**1,003**	265	**-**	-
Amounts owed by group undertakings	**-**	-	**2,014**	2,117
Other debtors	**379**	761	**2**	1
Prepayments and accrued income	**2,170**	1,690	**69**	-
	3,552	2,716	**2,085**	2,118

Included in other debtors is £37k (2020 £27k) that relates to amounts recoverable from the Group's advisers in relation to the clawback of indemnity commission. Also included in other receivables is £229k (2020 £610k) that relates to amounts recoverable from Professional Indemnity Insurers and/or financial advisers in relation to complaints (see note 20).

15. Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade creditors	**997**	320	**21**	-
Other secured loans	**-**	850		850
Amounts owed to group undertakings	**-**	-	**5,534**	5,769
Corporation tax	**202**	33	**-**	-
Other taxation and social security	**653**	657	**-**	-
Obligations under finance lease and hire purchase contracts	**14**	266	**-**	-
Other creditors	**1,001**	1,455	**920**	1,176
Accruals and deferred income	**3,478**	2,443	**19**	212
	6,345	6,024	**6,494**	8,007

During the year the Group entered into an overdraft arrangement with Barclays Bank, the bankers to the Group, which has a cross guarantee between Foster Denovo Group Limited, Foster Denovo Limited and Sequel Investments Limited. The overdraft facility has not been utilised during the year.

16. Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Other secured loans		-		-
Obligations under finance leases and hire purchase contracts	**25**	39	**-**	-
Other creditors	**-**	-	**-**	-
	25	39	**-**	-

Other loans were repaid in March 2021 and were secured by a debenture granting a fixed and floating charge over the Company's assets and undertakings.

17. Hire purchase and finance leases

Minimum lease payments under hire purchase and finance leases fall due as follows:

	Group 2021 £'000	Group 2020 £'000
Within one year	**14**	266
Between 1-2 years	**25**	39
	39	305

18. Commitments under operating leases

At 31 December 2021, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £'000	**Group 2020 £'000**
Within one year	**682**	676
Between 1-5 years	**1,147**	1,606
After 5 years	**-**	-
	1,829	2,282

19. Financial instruments

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**5,645**	4,980	**2,021**	2,136
Financial liabilities				
Financial liabilities measured at amortised cost	**(3,604)**	(5,306)	**(6,474)**	(8,053)

Financial assets measured at amortised cost comprise cash, trade receivables, other receivables and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade payables, other payables, accruals and amounts owed to group undertakings.

20. Provisions

Group

	Indemnity provision £'000	**Claims provision £'000**	**Total provision £'000**
At 1 January 2021	**47**	**577**	**624**
Utilised in the year	**(18)**	**(458)**	**(476)**
Charged to profit and loss	**18**	**123**	**141**
At 31 December 2021	**47**	**242**	**289**

Provision for indemnity commission
The provision for indemnity commission relates to the expected value of commissions reclaimable by product providers should policies be cancelled after their sale and within their indemnity period. A proportion of these amounts will usually be recovered from the relevant adviser. Where the collection of such monies is doubtful, the Group makes an appropriate provision against the debtor.

Claims payable
In the normal course of business, the Group receives queries and complaints regarding the sale of regulated financial products. Where appropriate these claims are investigated in accordance with the Group's procedures and provision is made for potential liabilities which may arise.

20. Provisions (continued) – Deferred Tax Assets

Group

	Deferred taxation Total £'000	Fixed Asset timing differences £'000	Short term timing differences £'000	Losses and other deductions £'000
At 1 January 2021	**177**	(22)	13	186
Origination and reversal of timing differences	**(163)**	13	22	(198)
Adjustment in respect of previous period	**5**	-	-	5
Effect of tax rate change on opening balance	**57**	(7)	4	60
At 31 December 2021	**76**	(16)	39	53

The deferred tax asset arises from brought forward losses and timing differences between depreciation and available capital allowances.

21. Share capital

	2021 £'000	2020 £'000
Shares classified as equity		
Allotted, called up and fully paid		
33,426,919 'A' ordinary shares of £0.01 each	**334**	331
20,520,405 'B' ordinary shares of £0.01 each	**205**	205
20,295,567 'G' ordinary shares of £0.01 each	**203**	203
	742	739

Each of the A, B and G ordinary share classes rank pari-pasu and have full income, capital and voting rights.

22. Share based payments

The Group operates a number of adviser, executive and employee equity settled share based payment schemes and a convertible loan stock share option scheme for advisers.

Enterprise Management Incentive Scheme

Foster Denovo Group Limited staff share scheme gives the opportunity to have shares in the parent company. The Shares vest to the employees after a three-year period, and after certain non-market performance conditions have been met, the options are lapsed if the employee leaves the Group before the options vest. The scheme is an HMRC approved employee share scheme.

	2021 Weighted average exercise price (pence)	**2021 Number**	2020 Weighted average exercise price (pence)	2020 Number
Outstanding at the beginning of the year	**7.6**	**26,489,608**	6.0	25,866,217
Granted during the year	**-**	**-**	9.6	3,883,684
Exercised during the year	**5.6**	**(308,589)**	-	-
Lapsed during the year	**7.9**	**(1,383,643)**	7.1	(3,260,293)
Outstanding at the end of the year	**7.6**	**24,797,376**	7.6	26,489,608

Enterprise Management incentive plan

At 31 December 2021 the following share options were outstanding in respect of the ordinary shares:

Date of grant	Number of shares	Period of option	Price per share
22/06/2012	713,333	2015-2022	5.0p
22/12/2014	20,000	2014-2024	5.0p
14/12/2015	752,275	2015-2025	5.0p
10/11/2016	1,019,533	2016-2026	7.0p
10/11/2016	66,000	2020-2026	7.0p
10/11/2016	179,000	2019-2026	7.0p
27/11/2017	1,019,331	2017-2027	6.5p
27/11/2017	1,996,006	2017-2027	7.0p
27/11/2017	195,622	2018-2027	7.0p
27/11/2017	362,476	2019-2027	7.0p
27/11/2017	666,700	2020-2027	7.0p
27/11/2017	4,288,933	2021-2027	7.0p
01/12/2017	1,005,450	2017-2027	6.5p
01/12/2017	761,514	2017-2027	7.0p

22. Share based payments (continued)

Enterprise Management incentive plan (continued)

At 31 December 2021 the following share options were outstanding in respect of the ordinary shares (continued):

01/12/2017	80,000	2018-2027	7.0p
01/12/2017	80,000	2019-2027	7.0p
01/12/2017	1,000,000	2021-2027	7.0p
18/02/2019	4,999,999	2019-2029	7.0p
20/02/2019	352,000	2022-2029	12.0p
25/02/2019	150,000	2022-2029	7.0p
25/02/2019	792,000	2022-2029	12.0p
26/02/2019	290,000	2022-2029	12.0p
04/03/2019	170,000	2022-2029	12.0p
07/05/2019	191,920	2022-2029	7.0p
28/02/2020	914,550	2022-2030	7.0p
28/02/2020	230,734	2022-2030	11.0p
06/30/2020	250,000	2022-2030	7.0p
12/06/2020	1,000,000	2020-2030	11.0p
12/06/2020	1,250,000	2023-2030	11.0p

Adviser Share Option Scheme

The company established the Foster Denovo Group plc Unapproved Share Option Plan in 2009. Options granted to advisers have vesting periods ranging from immediate vesting to 4.5 years. Some of the options will vest based on key performance indicators. The options lapse should the adviser cease to be registered through Foster Denovo Limited.

	2021 Weighted average exercise price (pence)	**2021 Number**	2020 Weighted average exercise price (pence)	2020 Number
Outstanding at the beginning of the year	**5.0**	**109,374**	5.0	166,978
Exercised during the year	**5.0**	**(59,374)**	-	-
Lapsed during the year	**5.0**	**(7,500)**	5.0	(57,604)
Outstanding at the end of the year	**5.0**	**42,500**	5.0	109,374

Adviser Share Option Plan

At 31 December 2021 the following share options were outstanding in respect of the ordinary shares:

Date of grant	Number of shares	Period of option	Price per share
22/06/2012	42,500	2015-2022	5.0p

22. Share based payments (continued)

Adviser Share Option Scheme 2013

	2021 Weighted average exercise price (pence)	**2021 Number**	2020 Weighted average exercise price (pence)	2020 Number
Outstanding at the beginning of the year	**6.9**	**24,924,561**	6.8	24,243,270
Granted during the year	**12.3**	**1,310,103**	7.9	681,291
Lapsed during the year	**7.0**	**(20,000)**	-	-
Outstanding at the end of the year	**7.1**	**26,214,664**	6.9	24,924,561

Adviser Share Option Plan

At 31 December 2021 the following share options were outstanding in respect of the ordinary shares:

Date of grant	Number of shares	Period of option	Price per share
14/12/2015	731,299	2015-2025	5.0p
14/12/2015	150,000	2016-2025	5.0p
14/12/2015	200,000	2017-2025	5.0p
10/11/2016	15,500	2018-2026	7.0p
10/11/2016	1,383,942	2016-2026	7.0p
17/01/2017	112,500	2019-2027	7.0p
08/12/2017	2,446,237	2017-2027	6.5p
08/12/2017	860,625	2017-2027	7.0p
08/12/2017	286,623	2018-2027	7.0p
08/12/2017	1,358,127	2019-2027	7.0p
08/12/2017	15,699,998	2021-2027	7.0p
19/06/2018	246,544	2018-2028	7.0p
26/11/2018	424,062	2018-2028	7.0p
05/08/2019	307,813	2019-2029	5.0p
28/02/2020	528,252	2020-2030	7.0p
20/03/2020	153,039	2023-2030	11.0p
09/04/2021	7,294	2021-2031	7.0p
09/04/2021	446,298	2021-2031	11.0p
17/11/2021	40,000	2021-2027	6.5p
17/11/2021	173,000	2021-2027	7.0p
23/12/2021	643,511	2021-2031	15.0p

22. Share based payments (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by Foster Denovo Group Plc.

	2021	2020
	Black Scholes Merton	Black Scholes Merton
Weighted average contractual life (years)	**5**	10
Expected volatility	**23.26%**	24.12%
Risk free interest rate	**0.5%**	0.69%
Expected dividend growth rate	**0.0%**	0.0%

The underlying value of the shares was taken as 3.7p (2020 – 7.0p) being the unrestricted market value agreed with HMRC for the purposes of the EMI options granted in early 2022. The options were valued using the Black Scholes Merton model over the relevant vesting periods and the amounts then distributed across the relevant accounting periods.

The risk free rate for each vesting period was taken as at the date of grant from statistics on government gilts published by HM Treasury.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 3 years of comparable publicly quoted companies. No dividends were assumed over the vesting period. Failure to vest was based on management's best estimate.

The share based remuneration expense (note 4) comprises:

Equity-settled schemes	**15**	25

23. Pension commitments

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. The pension cost charge represents contributions payable by the Group to the fund and amounted to £505k (2020 £419k). Contributions totalling £78k (2020 £67k) were payable to the fund at the reporting date and included in accruals.

24. Related party transactions

Mr. André Jordache, a director of the Company during the year, received a share of fees and commissions arising from business transacted with Foster Denovo Limited as a financial adviser of £434k (2020 £419k). These payments were made on an arm's length basis on terms identical to those of other advisers. At the end of the year an amount of £Nil was outstanding (2020 £Nil).

There is no ultimate controlling party to the Group.