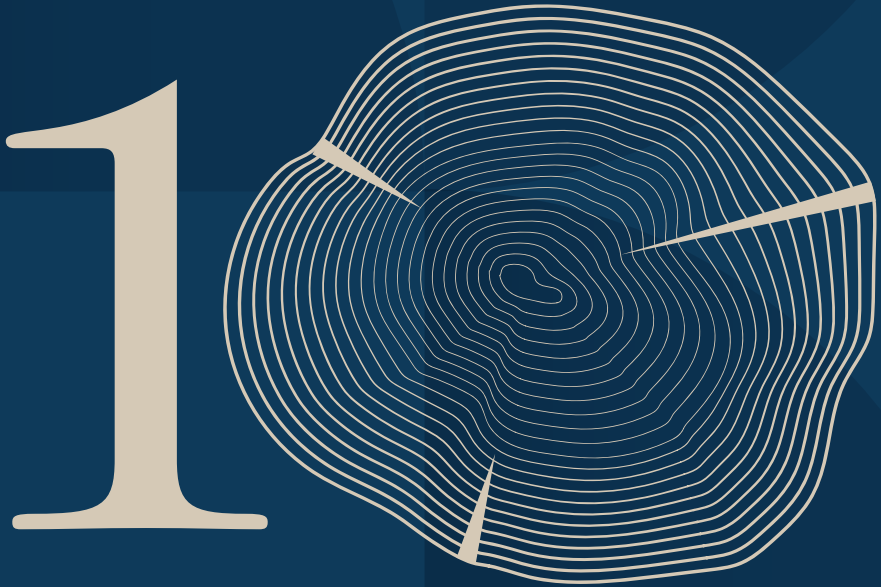




Tatton
ASSET MANAGEMENT PLC



years of growth

Interim Report and Accounts 2023

Resilient business model drives consistent growth

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Find out more about
Tatton Asset Management at
tattonassetmanagement.com

Tatton Asset Management plc

Tatton Asset Management plc (“TAM”) provides on-platform only discretionary fund management, regulatory, compliance and business consulting services, as well as a whole of market mortgage provision, to independent financial advisers (“IFAs”) across the UK. This is achieved through two operating divisions: Tatton, the Group’s investment management division, and Paradigm, the Group’s IFA support services business.



Our performance in this interim period underscores the strengths of the business model, as we continue to deliver against our long-term strategic goals.

Paul Hogarth

Chief Executive Officer, TAM plc

Highlights

The Group has sustained its strong performance, consistently achieving an average of £150m of net inflows per month, reaching £14.8bn of AUM/AUI¹ and taking a big step towards our £15.0bn “Roadmap to Growth” target by March 2024.

KEY PERFORMANCE INDICATORS (“KPIs”)

FINANCIAL

GROUP REVENUE (£M)

£17.506m

+9.9% (2022: £15.934m)

ADJUSTED OPERATING PROFIT¹ (£M)

£8.872m

+11.2% (2022: £7.982m)

NET CASH (£M)

£24.222m

+12.0% (2022: £21.622m)

ADJUSTED FULLY DILUTED EPS¹ (P)

10.52p

+6.4% (2022: 9.89p)

PROPOSED INTERIM DIVIDEND (P)

8.00p

+77.8% (2022: 4.50p)

REPORTED PROFIT BEFORE TAX (£M)

£7.693m

+16.1% (2022: £6.624m)

NON-FINANCIAL

AUM/AUI¹ (£BN)

£14.784bn

+19.8% (2022: £12.343bn)

ASSET NET INFLOWS (£M)

£910m

+0.3% (2022: £907m)

TATTON INVESTMENT MANAGEMENT FIRMS

914

+13.4% (2022: 806)

PARADIGM MORTGAGES COMPLETIONS (£BN)

£6.9bn

-5.5% (2022: £7.3bn)

PARADIGM CONSULTING MEMBERS

437

+3.1% (2022: 424)

PARADIGM MORTGAGES MEMBERS

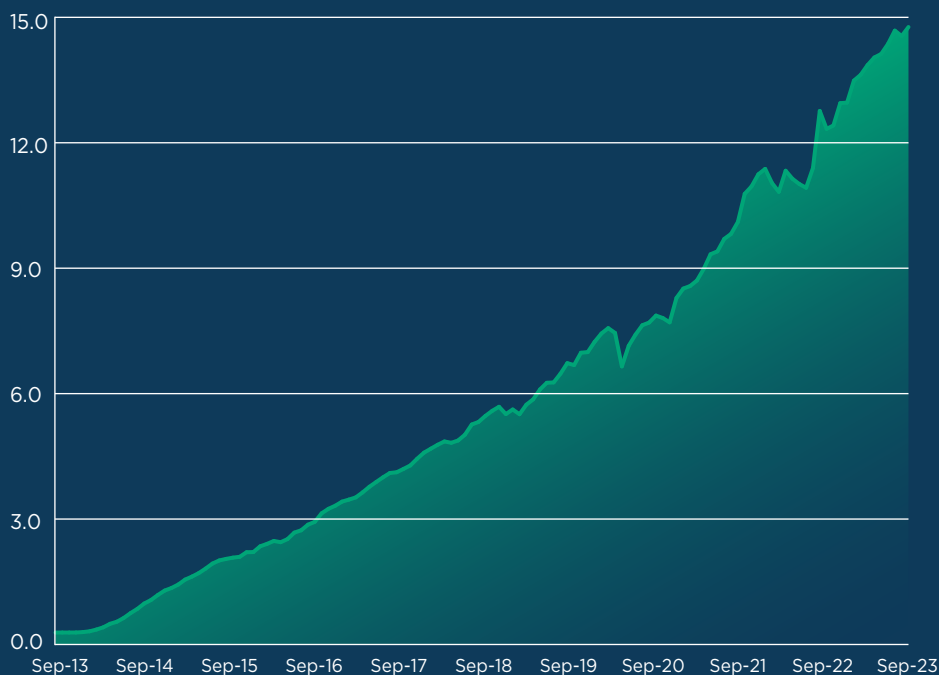
1,798

+5.4% (2022: 1,706)

BUSINESS HIGHLIGHTS AT 30 SEPTEMBER 2023

- Group revenue increased by 9.9% to £17,506 million (Sep 2022: £15,934 million)
- Adjusted operating profit¹ increased by 11.2% to £8,872 million (Sep 2022: £7,982 million) and profit before tax increased by 16.1% to £7,693 million (Sep 2022: £6,624 million)
- AUM/AUI¹ increased by 19.8% to £14,784 billion (Sep 2022: £12,343 billion). This is an increase of 6.6% since March 2023, driven by organic net inflows in the period
- Organic net inflows in the period of £910 million (Sep 2022: £907 million)
- Tatton increased its number of firms by 13.4% to 914 (Sep 2022: 806) and number of accounts by 16.2% to 114,650 (Sep 2022: 98,650)
- Paradigm Consulting member firms grew to 437 (Sep 2022: 424), and Mortgages members increased to 1,798 (2022: 1,706). Paradigm Mortgages participated in mortgage completions of £6.9 billion (Sep 2022: £7.3 billion)

TATTON ASSETS UNDER MANAGEMENT/INFLUENCE (AUM/AUI)¹ IN £ BILLION



GROUP REVENUE (£M)	ADJUSTED OPERATING PROFIT ¹ (£M)	PROFIT BEFORE TAX (£M)	ADJUSTED EPS ¹ (P)
2021 13,847	2021 6,934	2021 4,787	2021 8.76
2022 15,934	2022 7,982	2022 6,624	2022 9.89
2023 17,506	2023 8,872	2023 7,693	2023 10.52

1. Alternative performance measures are detailed in note 17.

Strategic Review



We are pleased with the Group's performance in this period. We have continued to deliver against our strategic objectives while maintaining strong organic growth in revenue and profits, despite volatile and uncertain markets.

The Group maintains a track record of steady growth

The Group has performed well in the period and delivered continued growth in revenue and profits, with strong net inflows reflecting high demand for our services. We have continued to make substantial progress in line with our strategic objectives, in what has been a difficult and volatile market, demonstrating the effectiveness of our business model.

Group revenue for the period increased by 9.9% to £17.506 million (Sep 2022: £15.934 million). Adjusted operating profit¹ for the period increased by 11.2% to £8.872 million (Sep 2022: £7.982 million), with adjusted operating profit margin¹ at 50.7% (Sep 2022: 50.1%).

Pre-tax profit after the impact of amortisation of intangibles relating to acquisitions and joint ventures, finance costs and share-based payment charges increased to £7.693 million (Sep 2022: £6.624 million) and taxation charges for the period were £2.302 million (Sep 2022: £1.291 million).

This gives an effective tax rate of 29.9% when measured against profit before tax. Adjusting for amortisation and share-based payments, the effective tax rate is 25.8%.

The basic earnings per share was 8.97p (Sep 2022: 9.01p). When adjusted for amortisation of intangibles relating to acquisitions and joint ventures, finance costs relating to the unwinding of discounts on deferred consideration, and share-based payment charges, basic adjusted earnings per share was 11.08p (Sep 2022: 10.43p). Adjusted earnings per share fully diluted for the impact of share options was 10.52p (Sep 2022: 9.89p), an increase of 6.4%.

Tatton

Tatton continues to perform strongly and has sustained strong organic net inflows in an environment where, in general, asset managers have been suffering redemptions. In the last six months, organic net inflows have averaged £152 million per month and were in total £910 million (Sep 2022: £907 million). In fact, over the last eighteen months we

1. Alternative performance measures are detailed in note 17.

+9.9%

Group revenue grew to £17.506m (2022: £15.934m)

have now consistently delivered an average of £150 million per month, which reinforces both the attractiveness of the model portfolio services ("MPS") proposition and our ability to maintain consistency of performance even in difficult macroeconomic conditions.

The total AUM/AUI¹ at the end of the period increased to £14.784 billion (Mar 2023: £13.871 billion). As we enter the final leg of the journey in our "Roadmap to Growth" strategy of delivering £15 billion AUM/AUI¹ by March 2024, we remain very confident that we will exceed this amount by the target date.

Platformum, the Financial Services research consultants, have maintained their forecast that the MPS market is expected to grow at a rate of 25% per annum and reach up to £200 billion by the end of 2026 (Platformum MPS Report: July 2023). The current level of MPS on platform is £103.5 billion (Dec 2021: £81.4 billion). The Group has £14.784 billion, or 14.3% share of this market (Mar 2023: 13.4%).

Through this market growth and our increased activity, Tatton's revenue has increased by 13.4% to £14.451 million (Sep 2022: £12.738 million) and now accounts for 82.5% of total Group revenue. Meanwhile, Tatton's adjusted operating profit¹ grew by 17.3% to £8.986 million (Sep 2022: £7.663 million), delivering an adjusted operating profit margin¹ of 62.2% (Sep 2022: 60.2%).

+11.2%

Adjusted operating profit¹ grew to £8.872m (2022: £7.982m)

This period has also seen an expansion in our range of propositions. With the changing shape of the economic landscape and the potential for investor fatigue from market volatility coupled with rising interest rates, we launched a new risk rating within our MPS range, the Money Market risk profile. Our new risk profile offers the potential for clients to receive a return on cash that tracks the Bank of England base rate more closely than most instant access UK bank deposit accounts. While still early days, the initial uptake has been encouraging as we continue to support IFAs and their clients by providing products that meet their evolving needs.

Our strategy to promote and support the growth of the MPS market on platform through a wide-ranging IFA education programme will continue. We also continue to increase our market penetration through a broadened distribution base. As a minimum, we aim to maintain our market share and continue to grow our distribution footprint through meaningful strategic partnerships. In support of this, we have been pleased to see our IFA firms continue to grow by over 5.2% to 914 (Mar 2023: 869) over this period. We look forward to seeing these close relationships continue to develop in the coming months as intensive activity continues to further promote the Tatton service.

1. Alternative performance measures are detailed in note 17.



As we look ahead, we will keep the needs of the IFA at the heart of our business as this remains central to all we do.



Paradigm Mortgages has continued to deliver a strong volume of completions in a challenging economic climate.

As we look ahead, we will keep the needs of the IFA at the heart of our business as this remains central to all we do. This year we welcomed the launch of Consumer Duty regulation and we continue to help and assist IFAs in meeting the rising regulatory bar by continuing to build and strengthen long-term partnerships. We aim to deliver a consistent high level of service, investment performance and IFA support. Consequently, we were delighted to be recognised as leaders in our field for a sixth year running by Moneyfacts, this year winning both the “Best Investment Service” award for the second consecutive year and also this year the “Best Ethical Fund Manager” – voted for by IFAs across the UK.

As we head towards the end of our £15 billion three-year strategic growth target by the end of March 2024, we have broadly delivered the target with six months remaining. The business has made strong progress over this period and we look forward to making further progress in the coming years. Setting targets keeps the Group focused and has served the Group well as we have consistently met our goals. It has taken Tatton ten years to grow to £15 billion and we intend to set a new ambitious AUM/AUI¹ target following the end of this financial year, March 2024. To do this, we will give careful thought to the stability of the market environment at that time, but more importantly, taking into

consideration our leading position in the growing and maturing MPS market, the strength of our brand and the quality of the Tatton proposition.

Paradigm

Paradigm has delivered a resilient performance in the period, delivering revenue of £3.059 million (Sep 2022: £3.198 million) and adjusted operating profit¹ of £0.959 million (Sep 2022: £1.352 million). Paradigm Mortgages increased the number of mortgage firms utilising the services to 1,798 (Mar 2023: 1,751) and Paradigm Consulting increased its members to 437 (Mar 2023: 431).

Paradigm Consulting continues to perform in line with our expectations and Paradigm Mortgages has continued to deliver a strong volume of completions in a challenging economic climate, where lenders are predicting a gross market of c.£220 billion in 2023, c.30% below 2022 volumes of £320 billion. Intermediary channel share, as opposed to mortgages sold direct by banks, continued to grow, reaching c.85% of all new sales and record product transfer maturities despite significantly reduced residential purchases. New mortgage and remortgage activity helped Paradigm Mortgages participate in completions totalling £6.9 billion (Sep 2022: £7.3 billion), a 5.5% reduction, which compares well with the total market and demonstrates the resilience of the Paradigm business.

1. Alternative performance measures are detailed in note 17.

The ongoing cost of living issues, driven by the economic climate and stubborn inflationary pressures, have negatively impacted mortgage affordability and confidence of both sellers and buyers. As a consequence, mortgage intermediaries have focused on maturities (Product Transfers) which, for the first time on record, are likely to exceed the value of gross mortgages. The impact of rising interest rates has also had a significant impact on both the supply and confidence in both the residential and buy to let mortgage market throughout 2023, and the nature and distribution of our completions this period has reflected the wider market and shifted towards this lower margin product mix.

Looking forward, CACI, the retail finance benchmarking specialist, confirms that there are c.£176 billion of maturities in the second half of the calendar year 2023, with record peaks expected in both November and December. These product transfer opportunities, combined with a more stable but subdued house purchase market, improving consumer confidence and greater affordability, suggests a similar volume and mix of completions for the second half of our financial year.

There continues to be underlying demand for home ownership in the UK, albeit lower levels of new build activity means stock remains stubbornly low. However, on a point of optimism, subdued house prices and wage increases/inflation have led to a fall of up to 10% in the house price to income ratio, which has led to greater affordability in both consumer and lender outlook.

Lenders are now delivering record levels of choice of available products and rates continue to fall. In addition, with house price falls stabilising, we believe that, once inflation is seen to be under control and rates begin to fall further, pent up purchase activity will once again provide a strong mortgage market.

Separately disclosed items

Share-based payment charges, amortisation of intangible assets relating to acquisitions and joint ventures, and exceptional items are reported separately to give better clarity of the underlying performance of the Group. The alternative performance measures ("APMs") are consistent with how the business performance is planned and presented within the internal reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

Balance sheet

The Group's balance sheet remains healthy, with net assets at 30 September 2023 totalling £40.3 million (Sep 2022: £35.7 million) reflecting the continued growth and profitability of the Group.

Cash resources

Cash generated from operations before exceptional costs was £8.3 million (Sep 2022: £7.3 million) and was 93% of adjusted operating profit¹. The Group remains debt free, with closing net cash at the end of the period of £24.2 million (Mar 2023: £26.5 million). The cash resources are after the purchase of own shares of £2.6m, the payment of corporation tax of £2.2 million and dividend payments of £6.0 million relating to the final dividend for the year ended 31 March 2023.

Issue of new shares

In the period, the Group issued 455,677 new shares, which were issued to satisfy the exercise of options related to the Enterprise Management Incentive ("EMI") and Company's Save As You Earn ("SAYE") employee share option schemes.

1. Alternative performance measures are detailed in note 17.

STRATEGIC REVIEW CONTINUED

Dividend proposal and capital adequacy

In this interim period, the Board recommends an increase in the interim dividend to 8.0p (Sep 2022: 4.5p), an increase of 77.8%. A larger element of this year's total dividend has been brought forward to the interim dividend and reflects the confidence of the Board in the Group's financial performance, high levels of cash and liquidity, and headroom over our regulatory capital requirement. Our long-held progressive dividend policy of paying c.70% of annual adjusted diluted earnings per share remains unchanged.

The interim dividend of 8.0p per share, totalling £4.8 million, will be paid on 8 December 2023 to shareholders on the register at close of business on 24 November 2023 and will have an ex-dividend date of 23 November 2023. In accordance with International Financial Reporting Standards ("IFRSs"), the interim dividend has not been included as a liability in this interim statement.

Business risk

The Board identified principal risks and uncertainties which may have a material impact on the Group's performance in the Group's 2023 Annual Report and Accounts (pages 32 and 33), and believes that the nature of these risks remains largely unchanged at the half year. The Board will continue to monitor and manage identified principal risks throughout the second half of the year.

Post balance sheet events

There have been no post balance sheet events.

Going concern

As stated in note 2.2 of these condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

Summary and outlook

The Group has delivered a solid first half result, delivering against our strategic objectives and maintaining strong organic growth of revenue and profits. While volatile markets continued to remain a drag on asset growth at the end of this period, our AUM/AU¹ still reached £14.8 billion and we are pleased with the overall performance of the Group.

Net inflows remained very strong in the first six months and we remain focused on continuing to deliver similar levels of flows but remain mindful of the economic environment. However, we expect to exceed our £15 billion "Roadmap to Growth" strategy by March 2024 and Paradigm should continue to perform in line with the first half of the year.

In summary, we look forward to making further progress over the rest of the year, while remaining acutely aware of the continuing macroeconomic turbulence and market volatility. The Board remains confident in the future prospects of the Group.

1. Alternative performance measures are detailed in note 17.



Financial Statements

The Group has sustained its focus on our core strategies, reporting further progress with increases in AUM/AUP¹, revenues, profits and the dividend, despite a difficult trading environment.

Paul Hogarth

Chief Executive Officer, TAM plc

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Revenue		17,506	15,934	32,327
Share of profit from joint venture		257	-	160
Administrative expenses		(10,030)	(9,006)	(15,877)
Operating profit		7,733	6,928	16,610
Share-based payment costs	4	829	495	1,511
Amortisation of acquisition-related intangibles	4	310	207	534
Gains arising on changes in fair value of contingent consideration	4	-	-	(2,651)
Exceptional items	4	-	352	398
Adjusted operating profit (before separately disclosed items)¹		8,872	7,982	16,402
Finance costs		(40)	(304)	(614)
Profit before tax		7,693	6,624	15,996
Taxation charge	5	(2,302)	(1,291)	(2,623)
Profit attributable to shareholders		5,391	5,333	13,373
Earnings per share - Basic	6	8.97p	9.01p	22.43p
Earnings per share - Diluted	6	8.66p	8.72p	21.70p
Adjusted earnings per share - Basic²	6	11.08p	10.43p	21.72p
Adjusted earnings per share - Diluted²	6	10.52p	9.89p	20.61p

- Adjusted for exceptional items, share-based payment charges and amortisation of acquired intangibles.
- Adjusted for exceptional items, share-based payment charges and amortisation of acquired intangibles, the unwinding of discount on deferred consideration and the tax thereon. The dilutive shares for this measure assumes that all contingently issuable shares will fully vest.

There were no other recognised gains or losses other than those recorded above in the current or prior period and therefore a statement of other comprehensive income has not been presented.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Non-current assets				
Investment in joint ventures	8	6,820	6,996	6,762
Goodwill	7	9,337	9,337	9,337
Intangible assets	9	3,405	3,831	3,615
Property, plant and equipment	10	328	593	454
Deferred tax assets		1,541	806	1,258
Other receivables	11	188	-	-
Total non-current assets		21,619	21,563	21,426
Current assets				
Trade and other receivables	11	4,078	3,902	3,782
Financial assets at fair value through profit or loss	13	175	122	123
Corporation tax		570	941	121
Cash and cash equivalents		24,222	21,622	26,494
Total current assets		29,045	26,587	30,520
Total assets		50,664	48,150	51,946
Current liabilities				
Trade and other payables	12	(8,013)	(6,633)	(7,911)
Total current liabilities		(8,013)	(6,633)	(7,911)
Non-current liabilities				
Other payables	12	(2,315)	(5,851)	(2,254)
Total non-current liabilities		(2,315)	(5,851)	(2,254)
Total liabilities		(10,328)	(12,484)	(10,165)
Net assets		40,336	35,666	41,781
Equity attributable to equity holders of the entity				
Share capital		12,102	12,006	12,011
Share premium account		15,487	15,219	15,259
Own shares		(2,567)	-	-
Other reserve		2,041	2,041	2,041
Merger reserve		(28,968)	(28,968)	(28,968)
Joint venture reserve		37	-	(21)
Retained earnings		42,204	35,368	41,459
Total equity		40,336	35,666	41,781

The financial statements on pages 10 to 32 were approved by the Board of Directors on 15 November 2023 and were signed on its behalf by:

Paul Edwards
Director

Company registration number: 10634323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Share capital (£'000)	Share premium (£'000)	Own shares (£'000)	Other reserve (£'000)	Merger reserve (£'000)	Joint venture reserve (£'000)	Retained earnings (£'000)	Total equity (£'000)
At 1 April 2022	11,783	11,632	-	2,041	(28,968)	-	34,556	31,044
Profit and total comprehensive income	-	-	-	-	-	-	5,333	5,333
Dividends	-	-	-	-	-	-	(5,012)	(5,012)
Share-based payments	-	-	-	-	-	-	658	658
Tax on share-based payments	-	-	-	-	-	-	(167)	(167)
Issue of share capital on exercise of employee share options	47	77	(28)	-	-	-	-	96
Own shares utilised on exercise of options	-	-	28	-	-	-	-	28
Issue of share capital on acquisition of a joint venture	176	3,510	-	-	-	-	-	3,686
At 30 September 2022	12,006	15,219	-	2,041	(28,968)	-	35,368	35,666
Profit and total comprehensive income	-	-	-	-	-	39	8,001	8,040
Dividends	-	-	-	-	-	-	(2,702)	(2,702)
Share-based payments	-	-	-	-	-	-	649	649
Tax on share-based payments	-	-	-	-	-	-	83	83
Issue of share capital on exercise of employee share options	5	40	-	-	-	-	-	45
Dividends received from joint venture	-	-	-	-	-	(60)	60	-
At 31 March 2023	12,011	15,259	-	2,041	(28,968)	(21)	41,459	41,781
Profit and total comprehensive income	-	-	-	-	-	178	5,213	5,391
Dividends	-	-	-	-	-	-	(6,006)	(6,006)
Share-based payments	-	-	-	-	-	-	521	521
Tax on share-based payments	-	-	-	-	-	-	897	897
Issue of share capital on exercise of employee share options	91	228	-	-	-	-	-	319
Own shares acquired in the period	-	-	(2,567)	-	-	-	-	(2,567)
Dividends received from joint venture	-	-	-	-	-	(120)	120	-
At 30 September 2023	12,102	15,487	(2,567)	2,041	(28,968)	37	42,204	40,336

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Operating activities				
Profit for the period		5,391	5,333	13,373
Adjustments:				
Income tax expense	5	2,302	1,291	2,623
Finance costs		40	304	614
Depreciation of property, plant and equipment	10	192	190	384
Amortisation of intangible assets	9	330	330	661
Share-based payment expense	4	829	495	1,420
Post-tax share of profits of joint venture less amortisation of related intangible assets		(153)	(40)	(39)
Changes in fair value of contingent consideration		-	-	(2,651)
Changes in:				
Trade and other receivables		(619)	(169)	(146)
Trade and other payables		(46)	(751)	(449)
Exceptional costs		-	352	398
Cash generated from operations before exceptional costs		8,266	7,335	16,188
Cash generated from operations		8,266	6,983	15,790
Income tax paid		(2,160)	(1,620)	(2,559)
Net cash from operating activities		6,106	5,363	13,231
Investing activities				
Payment for the acquisition of subsidiary, net of cash acquired		-	-	(152)
Purchase of intangible assets		(120)	(114)	(229)
Purchase of property, plant and equipment		(66)	(34)	(89)
Cost of underwriting shares		-	(152)	-
Net cash used in investing activities		(186)	(300)	(470)
Financing activities				
Interest received/(paid)		146	(92)	(186)
Dividends paid		(6,006)	(5,012)	(7,714)
Dividends received from joint venture		120	-	60
Proceeds from the issue of shares		249	87	132
Purchase of own shares		(2,567)	-	-
Repayment of the lease liabilities		(134)	(134)	(269)
Net cash used in financing activities		(8,192)	(5,151)	(7,977)
Net (decrease)/increase in cash and cash equivalents		(2,272)	(88)	4,784
Cash and cash equivalents at beginning of period		26,494	21,710	21,710
Net cash and cash equivalents at end of period		24,222	21,622	26,494

The accompanying notes are an integral part of the interim financial statements.

1. General Information

Tatton Asset Management plc (the "Company") is a public company limited by shares.

The address of the registered office is Paradigm House, Brooke Court, Lower Meadow Road, Wilmslow, SK9 3ND, United Kingdom. The registered number is 10634323.

The Group comprises the Company and its subsidiaries. The Group's principal activities are discretionary fund management, the provision of compliance and support services to IFAs, the provision of mortgage adviser support services and the marketing and promotion of multi-manager funds run by the companies under Tatton Capital Limited.

The condensed consolidated interim financial statements for the six months ended 30 September 2023 do not constitute statutory accounts as defined under section 434 of the Companies Act 2006. The Annual Report and Accounts (the "financial statements") for the year ended 31 March 2023 were approved by the Board on 12 June 2023 and have been delivered to the Registrar of Companies. The auditor, Deloitte LLP, reported on these financial statements; its report was unqualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

News updates, regulatory news and financial statements can be viewed and downloaded from the Group's website, www.tattonassetmanagement.com. Copies can also be requested from: The Company Secretary, Tatton Asset Management plc, Paradigm House, Brooke Court, Lower Meadow Road, Wilmslow, SK9 3ND.

2. Accounting Policies

The principal accounting policies applied in the presentation of the interim financial statements are set out below.

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. The condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom. The condensed consolidated interim financial statements were approved for release on 15 November 2023.

The condensed consolidated interim financial statements have been prepared on a going concern basis and prepared on the historical cost basis.

The condensed consolidated interim financial statements are presented in sterling and have been rounded to the nearest thousand (£'000). The functional currency of the Company is sterling as this is the currency of the jurisdiction where all the Group's sales are made.

The preparation of financial information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events may ultimately differ from those estimates.

The key accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the consolidated financial statements.

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2023.

2.2 Going concern

These financial statements have been prepared on a going concern basis. The Directors have prepared cash flow projections and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. To form the view that the consolidated financial statements should continue to be prepared on an ongoing basis in light of the current economic uncertainty, the Directors have assessed the outlook of the Group by considering various market scenarios and management actions. This review has allowed management to assess the potential impact on income, costs, cash flow and capital, and the ability to implement effective management actions that may be taken to mitigate the impact. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2.3 New accounting standards

There have been a number of amendments to standards which have been adopted in the period, but these have not had a significant impact on the Group's financial results or position.

A number of new standards are effective for annual periods beginning after 1 April 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated financial statements.

None of the standards not yet effective are expected to have a material impact on the Group's financial statements.

2.4 Operating segments

The Group comprises the following two operating segments, which are defined by trading activity:

- Tatton – investment management services.
- Paradigm – the provision of compliance and support services to IFAs and mortgage advisers.

The Board is considered to be the chief operating decision maker.

2.5 Significant judgements, key assumptions and estimates

In the process of applying the Group's accounting policies, which are described in the consolidated financial statements for the year ended 31 March 2023, management have made judgements and estimations about the future that have an effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, it is revised in the period of the revision and in future periods. Changes for accounting estimates would be accounted for prospectively under IAS 8.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 March 2023.

Management have reviewed the estimates for the satisfaction of the performance obligations attached to certain awards in the share-based payment schemes. It is currently estimated that 100% of the options in the existing schemes will vest.

2. Accounting Policies continued

2.6 Alternative performance measures

In reporting financial information, the Group presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRSs. The Group believes that these APMs provide users with additional helpful information on the performance of the business.

The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets. All the APMs used by the Group are set out in note 17, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

3. Segment Reporting

Information reported to the Board of Directors as the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segmental performance is focused on the type of revenue. The principal types of revenue are discretionary fund management and the marketing and promotion of the funds run by the companies under Tatton Capital Limited ("Tatton") and the provision of compliance and support services to IFAs and mortgage advisers ("Paradigm").

The Group's reportable segments under IFRS 8 are therefore Tatton, Paradigm, and "Central", which contains the operating Group's central overhead costs. Centrally incurred overhead costs are allocated to the Tatton and Paradigm divisions on a pro rata basis as this is how information is presented to the Group's CODM.

The principal activity of Tatton is that of discretionary fund management of investments on platform and the provision of investment wrap services.

The principal activity of Paradigm is that of provision of support services to IFAs and mortgage advisers.

For management purposes, the Group uses the same measurement policies used in its financial statements.

3. Segment Reporting continued

The following is an analysis of the Group's revenue and results by reportable segment:

Period ended 30 September 2023	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	14,451	3,059	(4)	17,506
Share of post-tax profit from joint ventures	257	-	-	257
Administrative expenses	(6,032)	(2,100)	(1,898)	(10,030)
Operating profit/(loss)	8,676	959	(1,902)	7,733
Share-based payment costs	-	-	829	829
Amortisation of acquisition-related intangibles	310	-	-	310
Exceptional costs	-	-	-	-
Adjusted operating profit/(loss) (before separately disclosed items)¹	8,986	959	(1,073)	8,872
Finance costs	43	(1)	(82)	(40)
Profit/(loss) before tax	8,719	958	(1,984)	7,693

Period ended 30 September 2022	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	12,738	3,198	(2)	15,934
Administrative expenses	(5,634)	(1,846)	(1,526)	(9,006)
Operating profit/(loss)	7,104	1,352	(1,528)	6,928
Share-based payment costs	-	-	495	495
Amortisation of acquisition-related intangibles	207	-	-	207
Exceptional costs	352	-	-	352
Adjusted operating profit/(loss) (before separately disclosed items)¹	7,663	1,352	(1,033)	7,982
Finance costs	(124)	(1)	(179)	(304)
Profit/(loss) before tax	6,980	1,351	(1,707)	6,624

Year ended 31 March 2023	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	25,929	6,404	(6)	32,327
Share of post-tax profit from joint ventures	160	-	-	160
Administrative expenses	(8,540)	(3,999)	(3,338)	(15,877)
Operating profit/(loss)	17,549	2,405	(3,344)	16,610
Share-based payment costs	-	-	1,511	1,511
Amortisation of acquisition-related intangibles	534	-	-	534
Gain arising on changes in fair value of contingent consideration	(2,651)	-	-	(2,651)
Exceptional costs	398	-	-	398
Adjusted operating profit/(loss) (before separately disclosed items)¹	15,830	2,405	(1,833)	16,402
Finance costs	(182)	-	(432)	(614)
Profit/(loss) before tax	17,367	2,405	(3,776)	15,996

All turnover arose in the United Kingdom.

1. Alternative performance measures are detailed in note 17.

4. Separately Disclosed Items

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Acquisition-related expenses	-	352	398
Total exceptional costs	-	352	398
Gain arising on changes in the fair value of contingent consideration	-	-	(2,651)
Amortisation of acquisition-related intangible assets	310	207	534
Share-based payment costs	829	495	1,511
Total separately disclosed costs	1,139	1,054	(208)

Separately disclosed items shown separately on the face of the Consolidated Statement of Total Comprehensive Income or included within Administrative expenses reflect costs and income that do not relate to the Group's normal business operations and that are considered material individually, or in aggregate if of a similar type, due to their size or frequency.

Amortisation of acquisition-related intangible assets

Amortisation of intangible assets relating to joint ventures is £104,000 (2022: £nil). This includes the acquisition of customer relationships and brands. Amortisation of other customer relationships and brand intangible assets is £206,000 (2022: £207,000).

Payments made for the introduction of customer relationships and brands that are deemed to be intangible assets are capitalised and amortised over their useful life, which has been assessed to be 10 years. This amortisation charge is recurring over the life of the intangible asset, though has been excluded from the core business operating profit since it is a significant non-cash item. Underlying profit, being adjusted operating profit, represents largely cash-based earnings and more directly relates to the financial reporting period.

Share-based payment charges

Share-based payments is a recurring item, though the value will change depending on the estimation of the satisfaction of performance obligations attached to certain awards. It has been excluded from the core business operating profit since it is a significant non-cash item. Underlying profit, being adjusted operating profit, represents largely cash-based earnings and more directly relates to the financial reporting period.

Exceptional items

Acquisition-related expenses in the prior year relate to the Group acquiring 50% of the share capital of 8AM Global Limited and also relate to one-off costs incurred on the acquisition of the Verbatim funds. These costs were treated as exceptional items.

5. Taxation

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Current tax expense			
Current tax on profits for the period	2,215	1,498	3,159
Share-based payment costs	139	(83)	-
Adjustment for under-provision in prior periods	-	-	14
	2,354	1,415	3,173
Deferred tax expense			
Share-based payment costs	83	(101)	(371)
Origination and reversal of temporary differences	(78)	(23)	-
Adjustment in respect of previous years	-	-	(56)
Effect of changes in tax rates	(57)	-	(123)
	(52)	(124)	(550)
Total tax expense	2,302	1,291	2,623

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profit for the period are as follows:

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Profit before taxation	7,693	6,624	15,996
Tax at UK corporation tax rate of 25% (2022: 19%)	1,923	1,259	3,039
Expenses not deductible for tax purposes	44	49	93
Capital allowances in excess of depreciation	22	42	3
Adjustments in respect of previous years	-	-	(41)
Share-based payments	370	(59)	184
Income not taxable	-	-	(533)
Effect of changes in tax rates	(57)	-	(122)
Total tax expense	2,302	1,291	2,623

An increase in the UK corporation tax rate from 19% to 25% became effective 1 April 2023 and has increased the Company's current tax charge accordingly. The deferred tax asset at 30 September 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (31 March 2023: 25%).

6. Earnings per Share and Dividends

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Number of shares

Number of shares	Unaudited six months ended 30-Sep 2023	Unaudited six months ended 30-Sep 2022	Audited year ended 31-Mar 2023
Basic			
Weighted average number of shares in issue	60,127,572	59,220,759	59,608,203
Effect of own shares held by an EBT	(60,761)	-	-
	60,066,811	59,220,759	59,608,203
Diluted			
Effect of weighted average number of options outstanding for the year	2,182,144	1,909,700	2,006,603
Weighted average number of shares in issue (diluted) ¹	62,248,955	61,130,459	61,614,806
Adjusted diluted			
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	1,012,719	1,305,290	1,192,528
Adjusted diluted weighted average number of options and shares for the year ²	63,261,674	62,435,749	62,807,334

1. The weighted average number of shares is diluted due to the effect of potentially dilutive contingent issuable shares from share option schemes.
2. The dilutive shares used for this measure differ from those used for statutory dilutive earnings per share; the future value of service costs attributable to employee share options is ignored and contingently issuable shares for Long-Term Incentive Plan ("LTIP") options are assumed to fully vest. The Directors have selected this measure as it represents the underlying effective dilution by offsetting the impact to the calculation of basic shares of the purchase of shares by the Employee Benefit Trust ("EBT") to satisfy options.

Own shares held by an EBT represents the Company's own shares purchased and held by the EBT, shown at cost. During the period, the EBT was gifted 346,896 of the Company's own shares. These shares were fully utilised during the period to satisfy the exercise of employees' EMI options. The EBT subsequently purchased a further 513,800 of the Company's own shares which remain unutilised at the period end. In the year ended 31 March 2023, the EBT purchased 139,500 of the Company's own shares, which were fully utilised during that year to satisfy the exercise of employee share options.

6. Earnings per Share and Dividends continued

	Unaudited six months ended 30-Sep 2023	Unaudited six months ended 30-Sep 2022	Audited year ended 31-Mar 2023
Earnings attributable to ordinary shareholders			
Basic and diluted profit for the period	5,391	5,333	13,373
Share-based payments – IFRS 2 option charges	829	495	1,511
Amortisation of customer relationship intangibles	310	207	534
Exceptional costs (note 4)	-	352	398
Gain arising on changes in the fair value of contingent consideration	-	-	(2,651)
Unwinding of discount on deferred consideration	100	-	228
Tax impact of adjustments	27	(213)	(447)
Adjusted basic and diluted profits for the period and attributable earnings	6,657	6,174	12,946
Earnings per share – basic (pence)	8.97	9.01	22.43
Earnings per share – diluted (pence)	8.66	8.72	21.70
Adjusted earnings per share – basic (pence) ¹	11.08	10.43	21.72
Adjusted earnings per share – diluted (pence) ¹	10.52	9.89	20.61

1. Alternative performance measures are detailed in note 17.

Dividends

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

In August 2023, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2023 of £6,006,000, representing a payment of 10.0p per share.

In the year ended 31 March 2023, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2022 of £5,012,000, representing a payment of 8.5p per share.

In addition, the Company paid an interim dividend of £2,904,000 (2022: £2,357,000) to its equity shareholders. This represents a payment of 4.5p per share (2022: 4.0p per share).

7. Goodwill

Intangible
assets
(£'000)

Cost and carrying value at 31 March 2022, 30 September 2022,
31 March 2023 and 30 September 2023

9,337

Impairment loss and subsequent reversal

Goodwill is subject to an annual impairment review based on an assessment of the recoverable amount from future trading. Where, in the opinion of the Directors, the recoverable amount from future trading does not support the carrying value of the goodwill relating to a subsidiary company then an impairment charge is made. Such impairment is charged to the Consolidated Statement of Total Comprehensive Income.

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's operating companies, which represents the lowest level within the Group at which the goodwill is monitored for internal management accounts purposes.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") or group of units that are expected to benefit from that business combination. The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Directors have considered the carrying value of goodwill at 30 September 2023 and do not consider that it is impaired.

Growth rates

The value in use is calculated from cash flow projections based on the Group's forecasts for the year ended 31 March 2024, which are extrapolated for a further four years. The Group's latest financial forecasts, which cover a three-year period, are reviewed by the Board.

Discount rates

The pre-tax discount rate used to calculate value is 11.2% (2022: 11.5%). The discount rate is derived from a benchmark calculated from a number of comparable businesses.

Cash flow assumptions

The key assumptions used for the value in use calculations are those regarding discount rate, growth rates and expected changes in margins. Changes in prices and direct costs are based on past experience and expectations of future changes in the market. The growth rate used in the calculation reflects the average growth rate experienced by the Group for the industry.

From the assessment performed, there are no reasonable sensitivities that result in the recoverable amount being equal to the carrying value of the goodwill attributed to the CGU.

8. Investment in Joint Ventures

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Opening Investment	6,762	-	-
Additions in the period	-	6,956	6,765
Profit for the period after tax	257	40	160
Amortisation of intangible assets relating to joint ventures	(103)	-	(121)
Deferred tax credit on amortisation of intangible assets relating to joint ventures	24	-	18
Distribution of profits	(120)	-	(60)
Closing Investment	6,820	6,996	6,762

Additions in the prior period relates to the acquisition of 50% of the share capital of 8AM Global Limited for an initial consideration of £3,838,000 followed by discounted deferred consideration of £3,118,000 (undiscounted deferred consideration £3,501,000) based on certain performance measures. The initial consideration was paid by way of shares in Tatton Asset Management.

9. Intangibles

	Computer software (£'000)	Client relationships (£'000)	Brand (£'000)	Total (£'000)
Cost				
Balance at 1 April 2022	1,006	4,034	98	5,138
Additions	114	-	-	114
Balance at 30 September 2022	1,120	4,034	98	5,252
Additions	115	-	-	115
Balance at 31 March 2023	1,235	4,034	98	5,367
Additions	120	-	-	120
Balance at 30 September 2023	1,355	4,034	98	5,487
Accumulated amortisation and impairment				
Balance at 1 April 2022	(645)	(441)	(5)	(1,091)
Charge for the period	(123)	(202)	(5)	(330)
Balance at 30 September 2022	(768)	(643)	(10)	(1,421)
Charge for the period	(124)	(202)	(5)	(331)
Balance at 31 March 2023	(892)	(845)	(15)	(1,752)
Charge for the period	(123)	(202)	(5)	(330)
Balance at 30 September 2023	(1,015)	(1,047)	(20)	(2,082)
Carrying amount				
At 1 April 2022	361	3,593	93	4,047
At 30 September 2022	352	3,391	88	3,831
At 31 March 2023	343	3,189	83	3,615
At 30 September 2023	340	2,987	78	3,405

All amortisation charges on intangible assets are included within Administrative expenses in the Consolidated Statement of Total Comprehensive Income.

10. Property, Plant and Equipment

	Computer, office equipment and motor vehicles (£'000)	Fixtures and fittings (£'000)	Right-of-use assets (£'000)	Total (£'000)
Cost				
Balance at 1 April 2022	345	477	991	1,813
Additions	31	3	-	34
Balance at 30 September 2022	376	480	991	1,847
Additions	55	-	-	55
Disposals	(77)	-	-	(77)
Balance at 31 March 2023	354	480	991	1,825
Additions	58	8	-	66
Balance at 30 September 2023	412	488	991	1,891
Accumulated depreciation and impairment				
Balance at 1 April 2022	(239)	(302)	(523)	(1,064)
Charge for the period	(34)	(48)	(108)	(190)
Balance at 30 September 2022	(273)	(350)	(631)	(1,254)
Charge for the period	(38)	(48)	(108)	(194)
Disposals	77	-	-	77
Balance at 31 March 2023	(234)	(398)	(739)	(1,371)
Charge for the period	(40)	(44)	(108)	(192)
Balance at 30 September 2023	(274)	(442)	(847)	(1,563)
Carrying amount				
At 1 April 2022	106	175	468	749
At 30 September 2022	103	130	360	593
At 31 March 2023	120	82	252	454
At 30 September 2023	138	46	144	328

All depreciation charges are included within Administrative expenses in the Consolidated Statement of Total Comprehensive Income.

The Group leases buildings, IT equipment and a car. The Group has applied the practical expedient for low value assets and so has not recognised IT equipment within right-of-use assets.

The average lease term is five years. No leases have expired in the current financial period.

10. Property, Plant and Equipment continued

Right-of-use assets

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Amounts recognised in profit and loss			
Depreciation on right-of-use assets	(108)	(108)	(216)
Interest expense on lease liabilities	(3)	(7)	(14)
Expense relating to short-term leases	(33)	(31)	(59)
Expense relating to low value assets	(1)	(1)	-
Total	(145)	(147)	(289)

At 30 September 2023, the Group is committed to £66,000 for short-term leases. The total cash outflow for leases amounts to £168,000.

11. Trade and Other Receivables

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Trade receivables	420	522	278
Prepayments and accrued income	3,597	3,348	3,457
Amounts due from related parties	2	-	-
Other receivables	247	32	47
	4,266	3,902	3,782
Less non-current portion:			
Other receivables	(188)	-	-
Total non-current trade and other receivables	(188)	-	-
Total current trade and other receivables	4,078	3,902	3,782

The carrying value of trade receivables is considered a fair approximation of their fair value. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables at an amount equal to lifetime ECLs. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2022: £nil).

The amounts due from related parties are net of provisions. The Group holds no provisions (2022: £1,311,000).

Trade receivable amounts are all held in sterling.

12. Trade and Other Payables

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Trade payables	720	913	397
Amounts due to related parties	-	234	234
Accruals	3,434	2,521	3,301
Deferred income	121	155	138
Contingent consideration	3,089	5,722	2,989
Other payables	2,964	2,939	3,106
Total	10,328	12,484	10,165
Less non-current portion:			
Contingent consideration	(2,315)	(5,722)	(2,209)
Other payables	-	(129)	(45)
Total non-current trade and other payables	(2,315)	(5,851)	(2,254)
Total current trade and other payables	8,013	6,633	7,911

The carrying values of trade payables, amounts due to related parties, accruals and deferred income are considered reasonable approximations of fair value. Trade payable amounts are all held in sterling.

13. Financial Instruments

The Group finances its operations through a combination of cash resources and other borrowings. Short-term flexibility could be satisfied if required by overdraft facilities in Paradigm Partners Limited which are repayable on demand.

Fair value estimation

IFRS 7 requires disclosure of fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All financial assets except for financial investments are categorised as Loans and receivables and are classified as level 1. Financial investments are categorised as Financial assets at fair value through profit or loss and are classified as level 1 and the fair value is determined directly by reference to published prices in an active market.

Financial assets at fair value through profit or loss (level 1)

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
Financial investments in regulated funds or model portfolios	175	122	123

13. Financial Instruments continued

All financial liabilities except for contingent consideration are categorised as Financial liabilities measured at amortised cost and are also classified as level 1. The only financial liabilities measured subsequently at fair value on level 3 fair value measurement represent contingent consideration relating to a business combination.

Financial liabilities at fair value through profit or loss (level 3)

Contingent consideration	£'000
Balance at 1 April 2022	2,486
Recognised on acquisition	3,118
Changes in the fair value of contingent consideration	118
Balance at 30 September 2022	5,722
Recognised on acquisition	(192)
Unwinding of discount rate	228
Changes in the fair value of contingent consideration	(2,769)
Balance at 31 March 2023	2,989
Unwinding of discount rate	100
Balance at 30 September 2023	3,089

14. Equity

	Number
Authorised, called up and fully paid	
At 1 April 2022	58,914,887
Issue of share capital on exercise of employee share options	237,962
Issue of share capital as payment for an acquisition	877,737
At 30 September 2022	60,030,586
Issue of share capital on exercise of employee share options	25,136
At 31 March 2023	60,055,722
Issue of share capital on exercise of employee share options	455,677
At 30 September 2023	60,511,399

15. Share-Based Payments

During the period, a number of share-based payment schemes and share options schemes have been utilised by the Company.

(A) Schemes

(I) Tatton Asset Management plc EMI scheme ("TAM EMI scheme")

On 7 July 2017, the Group launched an EMI share option scheme relating to shares in Tatton Asset Management plc to enable senior management to participate in the equity of the Company. 3,022,735 options with a weighted average exercise price of £1.89 were granted, exercisable in July 2020. There have been nil (2022: nil) options exercised during the period from this scheme.

The scheme was extended on 8 August 2018, 1 August 2019, 28 July 2020, 15 July 2021, 25 July 2022 and 24 July 2023, with 1,709,498, 193,000, 1,000,001, 279,858, 274,268 and 204,523 zero cost options granted in each respective year. These options are exercisable on the third anniversary of the grant date.

15. Share-Based Payments continued

The options granted in 2018 vested and became exercisable in August 2021. There have been 50,000 (2022: 50,000) options exercised during the period from this scheme. 168,193 of these options lapsed in 2021.

The options granted in 2019 vested and became exercisable in August 2022. There have been no options exercised during the period from this scheme (2022: 139,500).

The options granted in 2020 vested and became exercisable in July 2023. There have been 296,896 options exercised during the period from this scheme. 27,919 of these options lapsed in the period.

The options granted in 2021, 2022 and 2023 vest in July 2024, July 2025 and July 2026 respectively provided certain performance conditions and targets, set prior to grant, have been met. If the performance conditions are not met, the options lapse.

A total of 2,627,186 options remain outstanding at 30 September 2023, 1,878,861 of which are currently exercisable.

6,961 options were forfeited in the period (2022: 4,250). Within the accounts of the Company, the fair value at grant date is estimated using the appropriate models, including both the Black-Scholes and Monte Carlo modelling methodologies.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2022	2,726,026	0.60
Granted during the period	274,268	-
Forfeited during the period	(4,250)	-
Lapsed during the period	-	-
Exercised during the period	(189,500)	-
Outstanding at 30 September 2022	2,806,544	0.59
Exercisable at 30 September 2022	1,256,668	1.31
Outstanding at 1 October 2022	2,806,544	0.59
Granted during the period	-	-
Forfeited during the period	(2,105)	-
Exercised during the period	-	-
Lapsed during the period	-	-
Outstanding at 31 March 2023	2,804,439	0.59
Exercisable at 31 March 2023	1,256,668	1.31
Outstanding at 1 April 2023	2,804,439	0.59
Granted during the period	204,523	-
Forfeited during the period	(6,961)	-
Lapsed during the period	(27,919)	-
Exercised during the period	(346,896)	-
Outstanding at 30 September 2023	2,627,186	0.63
Exercisable at 30 September 2023	1,878,861	0.88

15. Share-Based Payments continued

(II) Tatton Asset Management plc Sharesave scheme (“TAM Sharesave scheme”)

On 7 July 2017, 5 July 2018, 3 July 2019, 6 July 2020, 2 August 2021, 4 August 2022 and 25 August 2023, the Group launched all employee Sharesave schemes for options over shares in Tatton Asset Management plc. Employees are able to save between £10 and £500 per month over the three-year life of each scheme, at which point they each have the option to either acquire shares in the Company or receive the cash saved.

The 2020 TAM Sharesave scheme vested in August 2023 and 108,781 shares options became exercisable. Over the life of the 2021, 2022 and 2023 TAM Sharesave schemes it is estimated that, based on current savings rates, 39,160, 52,387 and 93,850 share options respectively will be exercisable. The exercise price for these schemes is shown overleaf.

During the period, 108,781 (2022: 48,462) options have been exercised and 2,656 (2022: 2,494) options have been forfeited.

Within the accounts of the Company, the fair value at grant date is estimated using the Black-Scholes methodology for 100% of the options. Share price volatility has been estimated using the historical share price volatility of the Company, the expected volatility of the Company's share price over the life of the options and the average volatility applying to a comparable group of listed companies. Key valuation assumptions and the costs recognised in the accounts during the period are noted in (B) and (C) overleaf respectively.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2022	140,077	2.14
Granted during the period	38,185	2.52
Forfeited during the period	(2,494)	3.03
Exercised during the period	(48,462)	1.79
Outstanding at 30 September 2022	127,306	2.37
Exercisable at 30 September 2022	25,137	1.79
Outstanding at 1 October 2022	127,306	2.37
Granted during the period	34,512	2.81
Forfeited during the period	(4,895)	2.55
Exercised during the period	(25,137)	1.79
Outstanding at 31 March 2023	131,786	2.57
Exercisable at 31 March 2023	-	-
Outstanding at 1 April 2023	131,786	2.57
Granted during the period	27,131	2.91
Forfeited during the period	(2,656)	3.07
Exercised during the period	(108,781)	2.29
Outstanding at 30 September 2023	47,480	3.47
Exercisable at 30 September 2023	-	-

15. Share-Based Payments continued

(B) Valuation assumptions

Assumptions used in the option valuation models to determine the fair value of options at the date of grant were as follows:

	EMI scheme				Sharesave scheme			
	2023	2022	2021	2020	2023	2022	2021	2020
Share price at grant (£)	4.74	4.03	4.60	2.84	4.91	4.25	4.80	2.85
Exercise price (£)	-	-	-	-	3.89	3.26	3.60	2.29
Expected volatility (%)	35.24	34.05	33.76	34.80	35.13	34.05	33.76	34.80
Expected life (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Risk free rate (%)	4.64	1.71	0.24	(0.14)	4.74	1.71	0.12	(0.57)
Expected dividend yield (%)	3.06	3.11	2.39	3.38	2.95	3.11	2.39	3.38

(C) IFRS 2 share-based option costs

	Unaudited six months ended 30-Sep 2023 (£'000)	Unaudited six months ended 30-Sep 2022 (£'000)	Audited year ended 31-Mar 2023 (£'000)
TAM EMI scheme	797	463	1,446
TAM Sharesave scheme	32	32	65
	829	495	1,511

16. Related Party Transactions

There have been no related party transactions that have taken place during the period that have materially affected the financial position or the performance of the Group.

There were also no changes to related party transactions from those disclosed in the 2023 Annual Report and Accounts that could have a material effect on the financial position or the performance of the Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed. There were no other transactions with related parties which were not part of the Group during the period, with the exception of remuneration paid to key management personnel.

17. Alternative Performance Measures

Income statement measures

APM	Closest equivalent measure	Reconciling items to their statutory measure	Definition and purpose
Adjusted operating profit before separately disclosed items	Operating profit	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 4.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.
Adjusted operating profit margin before separately disclosed items	Operating profit	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 4.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.
Adjusted profit before tax before separately disclosed items	Profit before tax	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 4.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.
Adjusted earnings per share – basic	Earnings per share – basic	Exceptional items, share-based payments, amortisation of acquisition-related intangibles and the unwinding of discount on deferred consideration. See note 4.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.
Adjusted earnings per share – diluted	Earnings per share – diluted	Exceptional items, share-based payments, amortisation of acquisition-related intangibles, the unwinding of discount on deferred consideration and the tax thereon. The dilutive shares for this measure assume that all contingently issuable shares will fully vest. See note 6.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.
Net cash generated from operations before separately disclosed items	Net cash generated from operations	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 4.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.6.

17. Alternative Performance Measures continued

Other measures

APM	Closest equivalent measure	Reconciling items to their statutory measure	Definition and purpose
Tatton - assets under management ("AUM") and net inflows	None	Not applicable	AUM is representative of the customer assets and is a measure of the value of the customer base. Movements in this base are an indication of performance in the year and growth of the business to generate revenues going forward. Net inflows measure the net of inflows and outflows of customers' assets in the year.
Tatton - assets under influence ("AUI")	None	Not applicable	AUI is representative of the customer assets which are not directly managed by Tatton but over which we hold significant influence due to our shareholding in the company in which they are managed. Movements in this customer base are an indication of our participation in the performance of the joint venture and its growth in order to generate Tatton's share of profits going forward.
Paradigm Consulting members and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Paradigm Mortgages completions, member firms and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.

18. Events after the Reporting Period

There were no material post balance sheet events.

19. Contingent Liabilities

At 30 September 2023, the Directors confirmed there were contingent liabilities of £nil (2022: £nil).



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