

*years of growth*

# Growing in a dynamic market

Tatton Asset Management plc has delivered another year of strong growth. The Group has continued to demonstrate the strengths of its business model in a difficult and volatile market environment, achieving growth across all areas of the business which continues to be supported by its strategic acquisitions.

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# Highlights

## GROUP REVENUE

# £32.327m

2023	
2022	£29.356m
2021	£23.353m
2020	£21.369m
2019	£17.518m

## AUM/AUI<sup>1</sup>

# £13.871bn

2023	
2022	£11.341bn
2021	£8.990bn
2020	£6.651bn
2019	£6.068bn

## PROFIT BEFORE TAX

# £15.996m

2022:

## £11.275m

+41.9%

## ADJUSTED OPERATING PROFIT<sup>1</sup>

# £16.402m

2022:

## £14.526m

+12.9%

## ADJUSTED EPS<sup>1</sup>

# 20.61p

2022:

## 18.62p

+10.7%

## PROPOSED FINAL DIVIDEND (P)

# 10.0p

2022:

## 8.5p

+17.6%

## Financial

- Group revenue increased 10.1% to £32.327m (2022: £29.356m)
- Adjusted operating profit<sup>1</sup> up 12.9% to £16.402m (2022: £14.526m)
- Adjusted operating profit<sup>1</sup> margin increased to 50.7% (2022: 49.5%)
- Profit before tax £15.996m (2022: £11.275m)
- Adjusted fully diluted earnings per share ("EPS")<sup>1</sup> increased to 20.61p (2022: 18.62p) and basic EPS is 22.43p (2022: 15.92p)
- Final dividend increased 17.6% to 10.0p (2022: 8.5p), an increase of 16.0% to 14.5p (2022: 12.5p) for the full year dividend
- Strong financial liquidity position, with net cash of £26.5m (2022: £21.7m)
- Strong balance sheet - Net assets increased 34.6% to £41.781m (2022: £31.044m)

[Read more on page 34](#)

## Operational

- Tatton's discretionary assets under management ("AUM") increased 12.3% to £12.735bn (2022: £11.341bn)
- Acquisition of 50% of the share capital of 8AM Global Limited ("8AM" or "8AM Global") adding assets under influence ("AUI") of £1.136bn, resulting in AUM/AUI<sup>1</sup> totalling £13.871bn
- Record organic net inflows of £1.794bn (2022: £1.277bn) or 15.8% of opening AUM, an average of £149.5m per month
- Tatton increased its independent financial adviser ("IFA") firms by 16.5% to 869 (2022: 746) and number of client accounts by 19.2% to 107,010 (2022: 89,780)
- Paradigm Mortgages' completions up by 10.3% to £14.50bn (2022: £13.15bn). Paradigm Mortgages' member firms increased to 1,751 (2022: 1,674) and Consulting member firms increased to 431 (2022: 421)

[Read more on page 8](#)

1. Alternative performance measures are detailed in note 23.

# A market leading vision

Tatton Asset Management plc (“TAM”) is one the UK’s largest and best-regarded on-platform only model portfolio discretionary fund managers that works exclusively with independent financial advisers (“IFAs”) who seek third party investment and operational support in order to elevate outcomes for both advisers and their clients.

From our offices in London, Manchester and Birmingham, we offer an award-winning range of services, from on-platform only investment management as well as regulatory, compliance and IFA consulting services and a whole of market mortgage proposition to IFAs across the UK.

Our vision is to continue to provide best-in-class service to independent financial advisers and their end clients, offering a wide range of investment and operational support in order to enhance the outcomes for both the advisers and

their clients. We are transparent, honest and open, acting without pretence, whilst striving to be appropriately knowledgeable, conscious of risk and continually improving.

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## NUMBER OF TATTON FIRMS

# 869

2022: 746

## CAGR IN TATTON FIRM NUMBERS SINCE 2017<sup>1</sup>

# 24.2%

## AUM/AUI<sup>1</sup>

# £13.9bn

2022: £11.3bn

## ASSET NET INFLOWS<sup>1</sup>

# £1.8bn

2022: £1.3bn

### GROUP'S PROPOSITION

- Market leading on-platform discretionary fund management service:
  - Highly experienced investment team with a strong 10 year track record
  - Full range of risk-rated investment portfolios
  - Multi-manager funds complement portfolios
- Platform agnostic – available on 20 platforms
- Exclusively available to the clients of IFAs
- Clients benefit from gaining access to full discretionary management of their investments
- Providing financial compliance services, technical support and business consultancy to directly authorised wealth managers, IFAs and mortgage advisers
- Comprehensive mortgage and protection offering to directly authorised firms, including a whole of market lender panel

1. Alternative performance measures are detailed in note 23.

## OUR OPERATING SEGMENTS

### TATTON REVENUE BREAKDOWN

# 80.2%

2022: 79.5%



#### TATTON - INVESTMENT MANAGEMENT DIVISION

Tatton is an investment manager providing a range of discretionary investment services, predominately through on-platform model portfolios and funds to the clients of IFAs. It manages £12.7 billion of assets across over 100,000 private client accounts from 869 UK IFA firms. IFAs benefit by being able to offer their clients full discretionary asset management whilst retaining complete control of those relationships, together with the ability to manage their clients' portfolios through existing platform arrangements.

### PARADIGM REVENUE BREAKDOWN

# 19.8%

2022: 20.5%



#### PARADIGM - IFA SUPPORT SERVICES DIVISION

Paradigm amalgamates Paradigm Mortgage Services and Paradigm Consulting under a single division to provide a wide range of membership-based operational support solutions for IFAs. Paradigm Mortgage Services is one of the UK's leading mortgage distribution businesses, with membership of 1,751 firms. Paradigm Mortgage Services provides access to a whole of market lender panel as well as an array of mortgage and protection-related support services, such as specialist lending distributors, conveyancing partners and general insurance via Paradigm Protect. Paradigm Consulting is a leading provider of support services, including compliance and other related products to 431 directly authorised IFA firms.

### DIVIDEND GROWTH

# 17.6%

### DIVIDEND YIELD<sup>1</sup>

# 3.2%

### INCREASE IN ADJUSTED FULLY DILUTED EPS<sup>1</sup>

# 10.7%

### CASH ON THE BALANCE SHEET

# £26.5m

### CAGR IN AUM/AUI SINCE 2017<sup>1</sup>

# 23.6%

### AVERAGE ANNUAL NET INFLOWS<sup>1</sup>

# £1,170m

#### INVESTMENT CASE

Tatton Asset Management plc has delivered a record level of net inflows and mortgage completions in the current financial year, which have contributed to the Group's continued growth in revenue, adjusted operating profit<sup>1</sup> and fully diluted adjusted earnings per share ("EPS")<sup>1</sup>. As a result of the record net inflows, AUM/AUI in the year has grown by 22.3% to £13.9bn, leading to a growth in assets of £10.0bn over the last six years since the Group listed on the Alternative Investment Market ("AIM") in 2017, with an average annual growth of 23.6%. AUM growth over this six year period has been primarily achieved organically through £7.0bn of net inflows, with the acquisitions of the Sinfonia and Verbatim funds as well as 8AM Global's AUI adding a further £1.9bn and investment returns contributing £1.1bn.

The Group has delivered continued improvement in adjusted operating profit margin<sup>1</sup> to 50.7% (2022: 49.5%), which has been driven by its ongoing growth and c.85% of recurring revenue. Throughout the current financial year, the Group has continued to generate value by delivering a 10.7% growth in fully diluted adjusted EPS<sup>1</sup>.

Since listing as a public company we have maintained a progressive dividend policy with c.70% of adjusted earnings being paid out as dividends to shareholders, giving a dividend yield of 3.2% in this financial year.

1. Alternative performance measures are detailed in note 23.

# Continued momentum for long-term growth

## Our purpose

To be the provider of choice for independent financial advisers and their end clients. We seek to provide the highest quality investment management and best-in-class IFA support services, with our number one goal being the enhancement of outcomes for both advisers and their clients.

## Our vision

To maintain our position as the provider of choice for independent financial advisers and their end clients, to expand our propositions to meet the needs of our advisers and their clients, and exceed the expectations of all our stakeholders.

## Underpinned by our values

### INDIVIDUALLY:



ACT WITH INTEGRITY



BE TRANSPARENT,  
HONEST AND OPEN



ACT WITHOUT  
PRETENCE



BE STRAIGHTFORWARD,  
ADAPTABLE AND  
CONSISTENT

## Strategic objectives



### DEEPEN OUR IFA RELATIONSHIPS TO GROW AUM

Strengthen existing IFA/client relationships and build new long-term relationships, delivering sustainable value for both the IFA/clients and shareholders



### ORGANIC GROWTH - INCREASE SHARE OF OUR RESPECTIVE MARKETS

Further penetrate our markets, adding new firms in Tatton and new members in Paradigm



### M&A AND JV ACTIVITY REMAINS PART OF THE GROUP'S GROWTH STRATEGY

We will continue to complement our strong organic growth through targeted acquisitions and entering into strategically aligned joint ventures ("JV")



### MIGRATION OF ASSET "BACK BOOKS"

We look to migrate existing clients' back book of assets over to Tatton in the medium term



### STRATEGIC PARTNERSHIPS

We will develop strategic partnerships/alliances as an additional distribution channel to increase assets on the Tatton discretionary fund management ("DFM") service

## Sustainability pillars



### ENVIRONMENTAL

We look to manage and reduce our environmental impact and carbon footprint through the efficient use of resources

▶▶ Read more on page 43



### SOCIAL

We support and develop our people and wider community, and foster an inclusive culture

▶▶ Read more on page 44



### GOVERNANCE

We remain committed to the highest standards of corporate governance, adding value and reducing risk for our stakeholders

▶▶ Read more on page 38

## COLLECTIVELY:

To be trusted to provide the highest achievable levels of service to financial advisers and their clients by:



**THE ACCUMULATION OF THE RIGHT LEVEL OF SKILLS, KNOWLEDGE AND EXPERIENCE ACROSS THE ORGANISATION**



**THE MANAGEMENT, IDENTIFICATION AND REGULAR REVIEW OF THE RISKS IMPACTING TAM PLC**



**DEVELOPING A CULTURE THAT FOSTERS A COLLABORATIVE APPROACH TO CONTINUALLY IMPROVE**



**IN SUMMARY - WE STRIVE TO BE KNOWLEDGEABLE, TO BE CONSCIOUS OF RISK, AND TO CONTINUALLY IMPROVE**



### Dear Shareholder

**The 12 month period ended 31 March 2023, in common with the previous trading period, has been a challenging time for asset management, with economic stimuli, both positive and negative, constantly changing, while the political landscape, globally as well as in the UK, has done little to brighten prospects. An uncertain trading environment has encouraged the Group to sustain a focus on our core strategies, so it is satisfying to be able to report further progress with increases in assets under management, revenues, profits and, as a result, the dividend.**

Our strategic ambition continues to be growth centred on organic development, augmented by appropriate M&A activity when opportunities arise, and we aspire to be the provider of choice for the independent financial adviser (“IFA”) community as a result of providing products and services that enable them to better advise their clients.

In common with businesses globally, and throughout the UK, the Group has been buffeted by economic and political shocks, the pandemic, the war in Ukraine, and the economic consequences of these events, which have led to widely reported volatility and difficult trading conditions. Riding these storms measures the resilience of any organisation, so it is gratifying to be able to report that TAM finds itself, at the end of this financial year, a larger and stronger organisation with record asset net inflows, higher levels of assets managed and influenced, and with an increasing number of IFAs and their clients supporting the business.

## Teamwork and talent delivers results

A material factor behind the results that we are reporting now is the significant growth in demand for Model Portfolio Services (“MPS”) generally. As provision for income in later life becomes an ever more important consideration in the minds of investors, the combination of clarity, positive investment returns, and low charges is fuelling an appetite for MPS products, leading to new entrants and increasing inflows as the MPS concept becomes a leading strategic pillar for investors and their advisers. Increasing demand is growing the overall market and validating the proposition.

In my statement last year, I highlighted our “Roadmap to Growth” aspiration based on a three-year target, set in 2021, of assets under management increasing from £9.0bn to £15.0bn by March 2024. Despite the difficult trading conditions alluded to above, assets under management at 31 March 2023 stood at £12.735bn, excluding the assets derived from the acquisition of 8AM Global Ltd of £1.136bn.

Paradigm Consulting, our consultancy business, has performed in line with expectations, delivering expert regulatory consulting to the IFA community and is well positioned to continue to do so. The Mortgage business enjoyed a very positive performance this year, with involvement in record mortgage completions of £14.50bn (2022: £13.15bn). While the results of Government policy on interest rates over the trading period are still being felt, the situation has stabilised, and rates and products have reverted to near normal, although the mortgage market remains uncertain. Nevertheless, we are confident that the business remains well placed in its markets and strongly positioned to take advantage of opportunities that will undoubtedly lie ahead.

### Financial highlights

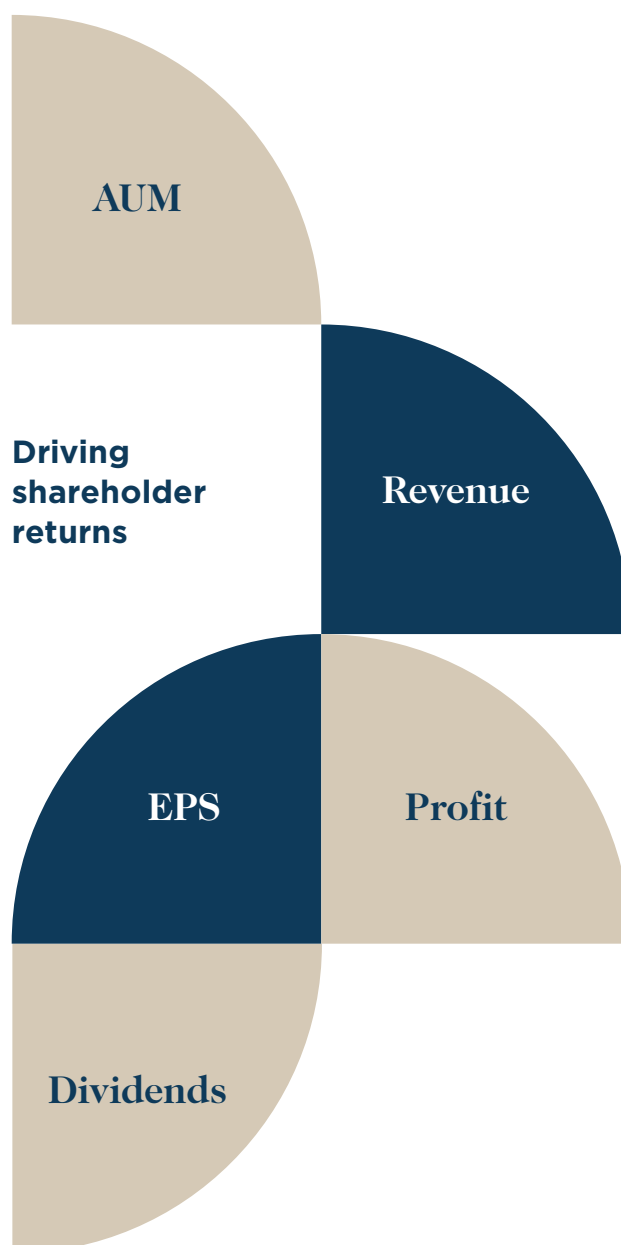
Group revenue increased by 10.1% to £32.3m (2022: £29.4m), while adjusted operating profit<sup>1</sup> rose by 12.9% to £16.4m (2022: £14.5m) and profit before tax, after incurring exceptional costs and share-based payment charges, improved further to £16.0m (2022: £11.3m). The impact of the above on fully diluted adjusted earnings per share<sup>1</sup> was an increase of 10.7% to 20.61p (2022: 18.62p), while basic earnings per share was 22.43p (2022: 15.92p).

### Our people

As ever, we believe our people are the most important factor in the successful delivery of the Group’s strategy and the maintenance of long-term growth and value creation. On behalf of the Board, I would like to thank every member of staff for their outstanding performance over the past year, which is behind the delivery of a gratifying set of results.

It has been a difficult year for many businesses, more so for many employees across the country with the increased cost of living and the impact of acute energy issues. With this in mind, the Group made a one-off “winter support” payment to all employees of £1,000 in recognition of the pressures people have faced and to reflect the hard work and dedication that our employees have shown in difficult times.





### Role of the Board and its effectiveness

My primary role as Chairman is to provide leadership to the Board and to provide the right environment to enable each of the Directors, and the Board as a whole, to perform effectively to optimise the success of the Company for the benefit of its shareholders and other stakeholders.

It is my view that the Board has an appropriate balance of skills and is highly effective, with a thorough understanding of the opportunities and threats facing the Group.

### UK corporate governance

TAM plc remains committed to the highest standards of corporate governance. The Board understands that this commitment is necessary for managing our business effectively and for maintaining investor confidence. Good governance adds value and reduces risk, and in a business which continues to grow and evolve, we look to sustain, develop, and improve our governance arrangements continually. Details of how we have approached and applied corporate governance are provided throughout this Annual Report and detailed on pages 54 to 57.

### Section 172 statement

Section 172 (“s.172”) of the Companies Act 2006 requires the Directors to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, s.172 requires a Director to have regard, amongst other matters, to the likely consequences of any decisions in the long term; the interests of the Company’s employees; the need to foster the Company’s business relationships with suppliers, customers and others; the impact of the Company’s operations on the community and environment; the desirability of the Company to maintain a reputation for high standards of business conduct; and the need to act fairly between members of the Company. Further information can be found on pages 48 to 51 of this Annual Report.

### Dividends

We remain on track to deliver against our set strategic goals and create long-term sustainable shareholder value. Given the continued progress, the Board is proposing to increase the final full year dividend by 17.6% to 10.0p per share (see note 9), bringing the total ordinary dividend for the year to 14.5p per share, an increase of 16.0%, which is 1.4 times covered by adjusted earnings per share. Subject to shareholder approval at the forthcoming Annual General Meeting, the dividend will be paid on 15 August 2023 to shareholders on the register on 7 July 2023. The ex dividend date will be 6 July 2023.

### Outlook

While the general economic outlook for the year ahead looks no better than the period under review, both nationally and internationally, there are factors that promote some optimism. Momentum is a very useful ally, and we have confidence in being able to increase our market share in what is widely recognised as a growing sector of the asset management world. By remaining focused on our stated strategy over the past year, we have been able to grow the business significantly, and sustaining this focus, while remaining alert to other opportunities, should enable us to report further progress at the end of the 12 month trading period in front of us.

**ROGER CORNICK**  
CHAIRMAN

1. Alternative performance measures are detailed in note 23.

# 10 years of continued growth: Model portfolios have come of age



**I am delighted with the performance this year as the Group delivered another year of strong growth in what has been a difficult and volatile market environment for most asset managers.”**

**PAUL HOGARTH**  
CHIEF EXECUTIVE OFFICER

to make excellent progress this year through a combination of our resilient markets, strong business model, the strength of our distribution and quality of our propositions that continue to resonate with our firms and their clients.

Group revenue increased 10.1% to £32.3m (2022: £29.4m) and Group adjusted operating profit<sup>1</sup> increased 12.9% to £16.4m, with margins improving to 50.7% (2022: 49.5%). Cash generation remains very strong and we ended the year with cash on the balance sheet of £26.5m (2022: £21.7m).

Tatton revenue increased by 11.1% to £25.9m, further underpinned by record organic new net inflows in the year of £1.794bn or 15.8% of opening AUM, an average of £149.5m per month. In addition to organic flows, we also added £1.136bn of AUI in the year following the acquisition of 50% of 8AM Global. While markets improved in the second half of the year, annually they contracted, reducing AUM by £400m or 3.5%, which ultimately delivered a total AUM/AUI of £13.871bn or a 22.3% increase on the prior year.

AUM MOVEMENT	£BN
OPENING AUM 1 APRIL 2022	11.341
ORGANIC NET FLOWS	1.794
MARKET AND INVESTMENT PERFORMANCE	(0.400)
TOTAL AUM 31 MARCH 2023	12.735
ACQUISITION 50% 8AM GLOBAL (AUI)	1.136
TOTAL AUM/AUI 31 MARCH 2023	13.871

Tatton adjusted operating profit<sup>1</sup> increased by 13.9% to £15.8m and margins were maintained at 61.1%, as investment to drive the future growth of the business continued. Tatton continues to account for a greater proportion of the income and now stands at 80.2% of Group revenue and also 96.5% of the Group's trading profits.

## Introduction

**This year has seen the Group continue its progress and deliver another year of strong financial performance. We have also made good progress against our Strategic Goals and Priorities which I set out in detail last year.**

We move closer to delivering our stated goal of £15.0bn of assets under management (“AUM”) by March 2024 and we have complemented our strong organic growth of AUM with a successful acquisition strategy. Acquisitions in prior years have not only delivered improved AUM but also expanded our distribution footprint, giving us greater access to more IFAs and potential new flows. This year, we have continued this strategy through the acquisition of a 50% share in 8AM Global Limited, which now contributes £1.136bn of assets under influence (“AUI”) and a solid management team. We are enjoying working together and look forward to developing the business further together in the coming years.

## Financial performance

This year has been a difficult year for many businesses against the backdrop of war in Ukraine, global economic instability, high inflation, labour shortages and major geo-political events that have unsettled markets. While not wholly unaffected by these issues, we have been able



# Q&A

WITH PAUL HOGARTH  
CHIEF EXECUTIVE  
OFFICER

Paradigm revenue increased by 6.8% to £6.4m. The Paradigm Mortgage business delivered a very good year, with involvement in mortgage completions exceeding £14.5bn for the first time, a 10.3% increase in the year. Operating profit<sup>1</sup> remains in line with the prior year at £2.4m following investment in our cost base. Including new personnel and cost inflation, the corresponding margin reduced to 37.6%.

## Strategy, progress and market trends

### Tatton

#### 10 years of Tatton Investment Management

We are delighted to celebrate the 10th Anniversary of the incorporation of Tatton Investment Management Limited this year. The last 10 years have flown by since we created the business and in all honesty I never envisaged we would be so successful with a product that had yet to fully find its place in the investment management market. There have been many milestones on the way but our first billion of AUM to break even and our AIM listing back in 2017, which has been very beneficial for the business, remain the standout points. I am humbled by our success and I would like to thank all our IFAs and firms that have supported us over the years, and also every one of our employees who have helped in this journey, as our success would not have been possible without their contribution.

Over these last 10 years, Tatton has been at the forefront of a changing financial services and investment landscape and, from a standing start in January 2013, we have created a market leading investment business which now manages over £12.7bn. This growth has principally been through the creation and promotion of a range of risk-rated model portfolios, which makes discretionary fund management (“DFM”) available to the mass affluent while delivering value and consistent investment returns at a market leading cost, exclusively on their chosen Retail Investment Platform (“Platform”).

#### Strategic Goals and Priorities

As part of our stated Strategic Goals and Priorities, I want to update you on our continued progress in delivering our “Roadmap to Growth” strategy, a three-year target of increasing AUM by £6.0bn, from £9.0bn in FY21 to £15.0bn by FY24, with 50% growth delivered from organic net inflows and 50% of the growth through acquisition. With one year to go or being two thirds of the way through that journey, we have AUM/AUI of £13.9bn. We have delivered 82% of the target, with approximately three quarters of the target achieved through new organic flows. In fact, this year alone we delivered record net inflows of £1.794bn (2022: £1.277bn), a 40.5% increase on the prior year.

#### Market development

The assets held on platforms and in Model Portfolio Services (“MPS”) are now the fastest growing area for wealth managers, with a consistent growth rate of c.25% per annum. MPS now accounts for over £81bn of advised assets on Platforms and accounts for 12% of the £680bn total adviser platform assets.

1. Alternative performance measures are detailed in note 23.

#### 1. How will the new consumer duty rules and regulation impact Tatton?

Unlike most industry commentators, I look forward to embracing the new legislation. I categorise it as being as important as other previous market defining regulation such as RDR (Retail Distribution Review) and TCF (Treating Customers Fairly). For me, the main focus of consumer duty is price, value and ultimately client outcomes. These three attributes have always been at the forefront of our philosophy here at Tatton. I know we have all worked hard to be ready and compliant, but I believe this will all be worthwhile in due course and we are better placed than most, and it may even be a competitive advantage to us.

#### 2. Why does Tatton adopt the approach of Reliance on Others as opposed to Agent as Client in its business model?

We actually have been Reliance on Others from day one. We believe that the IFA and their client need to have total control of the suitability of the advice while we at Tatton remain responsible for the safeguarding of the investment management of the portfolio selected. Each end client should be contracted with us through the DFM mandate making sure that all clients are invested exactly as they should be. Our next big campaign is intended to raise awareness with the IFA community of the differences between the two contractual relationships. Our position has since been supported by the professional indemnity industry, which has questioned the disclosure of Agent as Client and a number of our competitors have since followed our lead.

#### 3. Tatton is 10 years old – how do you see the next 10 years developing for the business?

Now that’s an interesting question. Undoubtedly, we are incredibly well positioned for further growth in the DFM MPS market. As a bare minimum, we anticipate maintaining our market share as the MPS market continues to mature and grow. We constantly review the other opportunities in the wealth management arena and always come back to the same point, which is: there is nothing better than the DFM MPS space right now here in the UK. Undoubtedly, other territories will adopt the UK market leading position on compliance and regulation, replicating our regulators’ concentration on the overall costs of investing. This opens up the opportunity to further expand our footprint outside of the UK.

#### 4. Do you think you benefit from being single channel i.e. receiving business purely from the IFA community?

Here at Tatton, we have always championed the IFA sector and that is evident throughout all our business. We believe the IFA market is in rude health and we have been well rewarded for supporting and remaining loyal to the IFA community. Most of our competitors, as we know, are multi-channel and a quick visit to their websites shows that the IFA is just one of their routes to market. We have seen some interesting moves from market protagonists over the last 12 months as they try to get closer to the end client, effectively directly competing with the IFA as they attempt to vertically integrate. We watch this space with interest.

#### 5. How will the current market volatility and general global economic uncertainty affect Tatton?

Firstly, I would say the Group has managed to navigate its way through the last three years and been able to make substantial progress against its strategic goals in what has been a challenging environment. In the current environment and as we look forward, we are comfortable that we have a very clear strategy and direction, a strong business model and, certainly with Tatton, we participate in a market that is growing strongly. In terms of the latter, with our competitive attributes of a strong track record, high value competitive pricing and best-in-class service with continued focus, we intend to take full advantage of that.



**I continue to believe that, as an MPS focused investment manager, consumer duty plays to our strengths in placing the adviser at the heart of the value chain and facilitating the delivery of improved client outcomes.”**

**PAUL HOGARTH**  
CHIEF EXECUTIVE OFFICER

The level of advised assets on platform is forecast to grow to over a trillion in the next few years, with the proportion of MPS also anticipated to take an increasing share of this total.

As previously highlighted, new entrants and competition, including long-standing traditional investment managers, continue to enter the MPS market. While these traditional discretionary fund managers have seen redemptions and net outflows from funds and bespoke products, they have conversely seen good inflows into their MPS offering which has underpinned their asset flows. I believe this validates my long-held view that MPS has now come of age. We anticipate the trend for further MPS growth and adoption this year will maintain the strong net inflows we have seen across the competitive landscape in the last 12 months. While it is clear competition is increasing, Tatton is very well placed to take advantage of the above market opportunity.

#### Distribution footprint

As the largest DFM MPS provider, we keep the IFA at the heart of our business. We believe it is important to support the IFA and we maintain a position that we do not compete with our IFAs. Amongst many other factors, we believe that this has enabled us to continue to increase our distribution footprint; we have increased the number of firms to 869 firms (2022: 746). Each year, we have increased our distribution footprint organically through adding more direct IFA relationships beyond the Paradigm members, which was the initial base for Tatton. Importantly, the three acquisitions we have made since September 2019 have also contributed to this growth and enabled us to further expand our reach, as have the range of strategic partnerships we hold and maintain. As we look forward, there remains significant opportunity to grow and deepen these relationships and get a greater share of the IFAs' available assets. At the same time, we will also look to continue to add further firms from existing partnerships but also new firms beyond these, to obtain a greater share of the overall market available, which continues to grow.

#### Regulation

As the new consumer duty regulation is now imminent, preparations should be complete and the implications are now clear. There is a clear difference between IFAs as distributors when using a third party MPS solution compared with advisers running their own portfolios, which potentially makes them “manufacturers”, increasing their regulatory burden. We have already seen, prior to the regulation coming into effect, IFAs migrating away from in-house managed portfolios to third party MPS providers. We believe this trend is set to continue as the implications of consumer duty become more widely understood. Third party MPS remains perfectly positioned to respond to consumer duty regulation by delivering low cost and

#### AUM ANALYSIS

**£12.735bn**

TOTAL AUM

**£1.105bn**

Multi-manager funds/Other

**£11.630bn**

Managed Portfolio Services (“MPS”)

## NET INFLOWS

# £1,794m



competitive investment solutions for clients, whilst supporting the IFA in meeting consumer duty obligations. I continue to believe that, as an MPS focused investment manager, consumer duty plays to our strengths in placing the adviser at the heart of the value chain and facilitating the delivery of improved client outcomes.

### Paradigm

2022/23 was a good year for Paradigm's membership division. Revenue increased 6.8% to £6.4m (2022: £6.0m) with contribution maintained at £2.4m (2022: £2.4m), delivering a contribution margin of 37.6%. We have continued to grow and add new firms, with Paradigm Consulting firms increasing to 431 (2022: 421) and Paradigm Mortgage firms increasing to 1,751 (2022: 1,674). The integration of Paradigm's compliance and mortgage and protection aggregation entities into a single membership division has proved successful as the FCA's regime and oversight moves further towards a more consumer focused regulatory environment and we have seen the continued growth in share of compliance contract sales within our Mortgage firm broker base.

Paradigm Consulting business continued to make steady progress, increasing new membership fees as well as other consultancy services while also investing in new personnel to ensure our service level remains the best in the market.

2022/23 was an exceptional year for Paradigm's Mortgage business, certainly given the context of the mortgage market which demonstrated relentless uncertainty. This year has seen borrowers faced with a challenging period of rising inflation and interest rates, which combined with significant lender service issues arising from the continued challenges of working from home, resulting in record process and pipeline delays.

The resilience and value of brokers was never more evident during this last year. This is clearly demonstrated as intermediary share of all mortgages rose to c.85% as consumers turned to brokers to help with affordability issues arising from rising interest rates, an issue most modern-day borrowers had never experienced. The second half of the year was affected by the fall out from September's mini-budget, which resulted in mass lender product withdrawals, with those remaining charging unaffordable rates. Borrowing volumes, especially in the purchase market, fell to a near stop; however, brokers moved swiftly to address record levels of product transfer maturities and protection cross-sales to maintain activities, and with calmer markets, lenders began again to compete, introducing greater product choice and, critically, lower, more affordable rates. Given this context, we are delighted with the fact the Paradigm Mortgages participated in a record £14.50bn (2022: £13.15bn) of mortgage completions, a 10.3% increase on the previous year.

As we look to the new year, despite the cost of living challenges ahead, a sense of calmness has returned to the mortgage market. We anticipate another year of two halves, with initially a quieter purchase market, fuelled by essential

## AUM/AUI

# £13.871bn



movers. As inflation and rising interest rates surpass their peaks, the drive and affordability for home ownership will return, underpinned by the perennial issue whereby supply doesn't match demand. In the meantime, record levels of loan maturities and remortgages continue to be an area of focus where brokers' experience will shine.

### Strategic Goals and Priorities

As we look forward to the new year, our strategic direction remains unchanged.

We will continue to consolidate and build on the gains we have made to date and further develop the business to drive growth and long-term value creation. Specifically, we look to achieve the following:

- Continue with the strong organic growth of new net inflows, utilising our increasing range of firm distribution platforms.
- Deliver the final phase of our three-year "Roadmap to Growth" strategy, taking us from £9.0bn in FY21 to £15.0bn by FY24. Building on the strong performance in 2022/23, where we delivered an additional £1.8bn of AUM through organic growth and £1.1bn of AUI through acquisition. We anticipate we will reach our goal this year with over £1.0bn of organic net new inflows.
- Identify and execute on further acquisitions that contribute to the "Roadmap to Growth" strategy but also, importantly, fulfil our basic criteria of being value enhancing, strategically complementary and earnings enhancing.
- Build on our recent success by delivering further strategic partnerships, joint ventures and collaborations with larger IFA firms, delivering enhanced client outcomes.
- Continue to grow the number of firms utilising Paradigm, specifically taking a greater share of the available mortgage broker and intermediary market, and growing the level of mortgage completions.

### Outlook and summary

In summary, the Group has delivered another strong year of growth in net inflows and AUM while demonstrating resilience, adaptability, and unwavering commitment to our clients. We remain ever more optimistic about the future prospects and continue to build on our strengths, leveraging our wide distribution capability, our deep industry expertise, robust long-term investment performance and talented team to deliver our strategic goals. Our continued focus will be to expand the number of IFAs we work with while driving increased new flows to further strengthen our position as the leading MPS asset management company and ensure the long-term sustainability of our business.

Lastly, I would like to express my gratitude to our dedicated employees, who have demonstrated resilience, creativity, and adaptability during these challenging times. Their unwavering commitment to our clients and their exceptional talent are the driving force behind our success.



# 10 years of our journey to growth



**Tatton**  
Investment Management

Tatton Investment Management celebrates 10 years of growth. Still a young company, we get a little older, celebrating a decade of serving our clients. We are immensely proud of what we have accomplished over the years for portfolio investors and will continue to be grateful for the trust shown in us for the years to come.



# Q&A

WITH **LOTHAR MENTEL**  
CHIEF INVESTMENT  
OFFICER

## 1. As we reach Tatton's 10 year anniversary, which achievement are you most proud of?

When we started, there were already several DFMs offering MPS and everyone thought there was no opportunity for growth. RDR forced independent financial advisers to change their approach. The commission-based business model was replaced with a need to offer true independent and effective discretionary wealth management advice at an affordable cost.

The offerings from traditional wealth managers were unwieldy and too expensive. But we created something different. We created a business designed to generate consistent risk rated returns for private investors while also benefiting the advice sector, this remains at the heart of our product and service development. We designed this around a low cost DFM fee of only 0.15%. Despite industry wide scepticism, we now have AUM of £12.7 billion and 0.15% is fast becoming the industry standard.

## 2. Is there a particular ethos that has shaped your business development since inception?

That of client service and communication. We have reformulated the whole process of giving UK retail investors access to returns and services which previously were only made available to HNWIs (High Net Worth Individuals) with private banking and wealth management access.

Where others have needed hundreds of employees and heavy operational costs, we have a team of just over 50 individuals and are providing more ongoing communications and information to advisers than many of our competitors. Our operational effectiveness is extraordinary, as is our client relationship management.

## 3. What would you like to see in terms of progression in the industry and in the business?

What excites me is to create investment solutions and services that continue to democratise retail access to discretionary portfolio management via platforms. We have already succeeded in taking what was only available to HNWIs, and making that available to a wider group of people. I would like that group to become even larger.

With the market forecast to grow at a rate of 25% per annum and reach up to £200 billion by the end of 2026, it would be great to help IFAs continue to succeed and take a larger slice of a growing market.

## TIMELINE

2023

**£12.7bn**

AUM reaches £12.7bn (March 2023), with record net inflows of £1.8bn

2022

**+£12.0bn**

AUM surpasses £12bn, and awarded "Best Investment Service" by Moneyfacts

2020

**+£8.0bn**

AUM surpasses £8bn, winner of the Financial Adviser Service Award and launches Tatton's Bespoke Portfolio Service and Global portfolios

2018

**+£5.0bn**

AUM surpasses £5.0bn, awarded "Best DFM" by Moneyfacts and launches the full risk range of Ethical portfolios and Blended Funds

2016

**+£3.0bn**

AUM surpasses £3.0bn, awarded "Best Boutique Wealth Manager" by Wealth Adviser and launches Tatton's AIM portfolio service

2014

**+£1.0bn**

AUM reaches and surpasses £1.0bn, and launches two new propositions, Tatton's Balanced Ethical and Income portfolios

2012

Tatton Investment Management Limited is incorporated, and launches Tatton's Managed, Core and Tracker portfolios

# First 10 years builds foundation for the next



Tatton's investment process has been tested during both benign and volatile market environments, and we are proud of our portfolio performance consistency over the last 10 years. Ensuring investors understand how global events impact or benefit their investments is vital to keep them on track and committed towards their long-term investment goals. To achieve this aim, we have continued to deliver benchmark-setting, investment and market communications of highest relevance through video, webinar and the investment team's Tatton Weekly market update. Post COVID, we have also adopted a hybrid model of virtual and physical interaction with our clients, to best suit their needs and preferences.

## 2022/23 capital markets and returns

Tatton's strength is based around the ability of its team to understand and anticipate market developments. In capital market terms (and by nearly any measure), the early 2020s have been a period of extraordinary challenge, making it even more remarkable that our performance has remained consistent throughout. This is testament to the fact that our investment team follows a clearly defined, robust and repeatable investment process that draws on its experience and expertise.

Inflation has dominated in terms of policy. Central banks, led by the US Federal Reserve, have aggressively tightened policy, seeking to ease inflation through monetary policy moves. These measures included dramatic increases in the short-term target interest rates and a substantial reduction in bond holdings.

In the UK, Truss' ill-advised fiscal policy boosted an uptrend in bond yields that had been well underway since the beginning of the year.

The return of inflation and increasing interest rates mark the end of the 40 year bond bull market, as bond prices and interest rates move in opposite directions in conventional bond securities. This is undoubtedly leading to valuation pressures as a result of higher yields, leading to a poor year for investors, despite the economy remaining in growth mode and showing resilience to the sharpest succession of interest rate hikes in a generation.

Higher rates also substantially alter the equity investment landscape. Much investor confidence will now depend not only on the outcome of the war in Ukraine and the strength of its ripples through the global economy, but also on the shape of the inflationary pressures it is experiencing and if transitory does indeed become systematic inflation. The war in Ukraine certainly exacerbates inflation, as well as accelerating the transition to a non-carbon fuel economy, if nothing else, now out of sheer necessity.

The impact of energy commodity price increases and the winter of cold homes and discontent did not lead to a recession in the UK and Europe, as predicted, pointing perhaps to a brighter environment ahead, but equity markets are in a challenging period, reflecting a transformation in the underlying economic environment. A combination of

## Proposition development

**The experience and understanding that we have developed as a team means that we recognise the importance of listening to our clients. By better understanding their needs, we have evolved our service to further embed Tatton into their operating models. To achieve this at ever greater scale, we have continued to invest in our proprietary adviser facing and platform connecting IT platform, the Tatton Portal, which is the operational engine room of our success, and a key differentiator in the market we serve.**

With online client portfolio and valuation information for advisers (and Tatton), the portal embeds us operationally into IFAs' day to day business, offering a wide range of IFA tools. These include personalised investment proposals; E-signing; adviser dashboards; as well as a document resource library; factsheets; and white label and co-branded portal access.

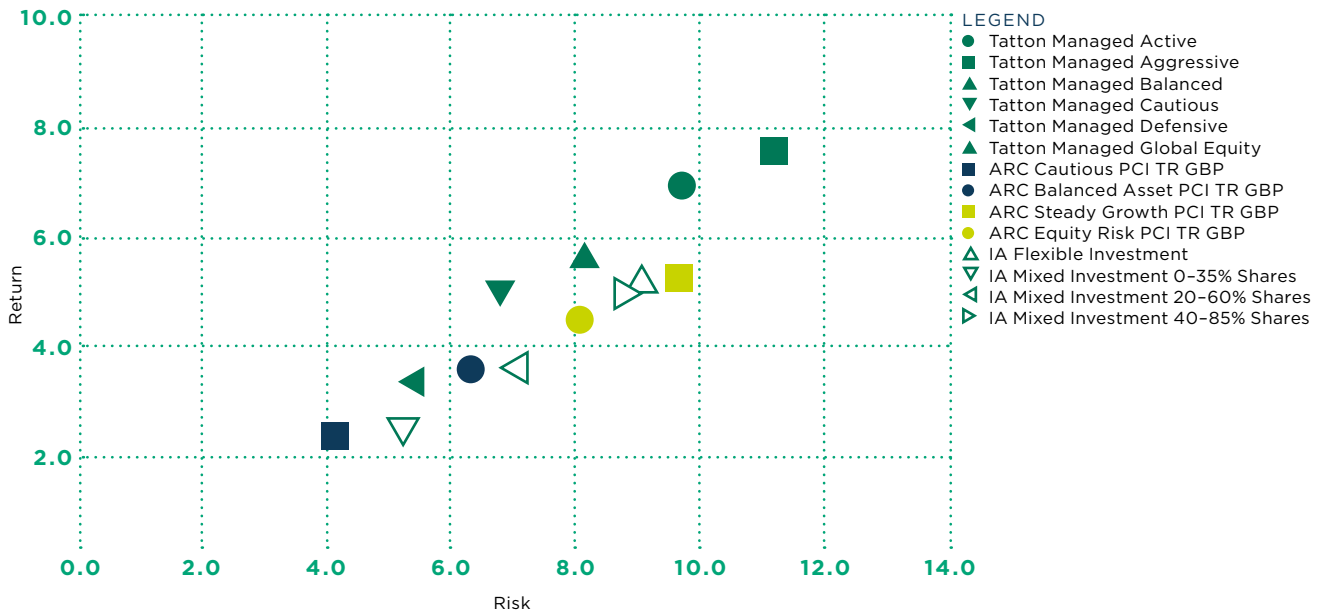
Our Ethical (ESG) portfolios (launched in 2014) have continued to grow, but compared with previous years had a more challenging year, caused principally by the relative return headwinds of the energy and resource price shock. We believe, however, that consumer interest remains strong and our experience in the sector has been built up over many years, with a long-standing commitment to giving the clients of financial advisers genuine transparency in how their discretionary assets are allocated.



## INVESTMENT PORTFOLIO RETURNS TABLE

### Risk-reward

Time period: 01/04/2013 to 31/03/2023



rising interest rates and a persistent surge in the inflation rate has created substantial headwinds for a wide swath of the investment markets, equities included, with significant “repricing” occurring in stock markets during 2022.

While the bond market suffered in 2022, so did the tech stock-heavy Nasdaq 100, an index with greater potential for high long-term returns. Present value calculations of future earnings for equities are tied to assumptions about interest rates and inflation. If investors anticipate higher rates in the future, it reduces the present value of future earnings for equities. When this occurs, prices tend to face more pressure. The hardest hit stocks have primarily been those with premium price-to-earnings (“P/E”) multiples. These included secular growth and technology companies that enjoyed extremely strong performance since the pandemic began. Our decision to remain (in the main) underweight in these stocks and US equities more generally proved the right decision. Moving forward, we see more decoupling of the global economy and opportunities within Asian markets.

An additional factor that creates challenges for equity markets is higher debt costs (resulting from elevated interest rates), which can reduce corporate profits. Companies that have to roll over debt in today’s market must pay more for that debt. That opens the door to the potential for reduced corporate earnings going forward. Lower earnings are typically reflected in lower equity prices.

It should be noted that a changing interest rate environment, while creating more headwinds for equities, does not mean there is not continued upside opportunity. The key is how well companies perform. One of the variables we are watching is whether inflation declines sufficiently so that equities valuations are still considered reasonable given the underlying environment. A return to lower inflation would generally benefit equities.

### Outlook

2023 is certainly tricky to forecast and valuation arguments are never the best guide to short-term stock market performance. However, valuations often guide how professional investors position over the shorter term between asset classes. Being underweight, equities seems to be a “crowded” trade, but the increasing likelihood of a steep downturn in the US economy, combined with valuations being at low levels, signals that now could be an attractive time to (tentatively) invest in bonds. Increasing yields and spreads have left many parts of the bond market far more favourably priced.

For 2023, we do see a transition from pain to gain. While we still see a bumpy road ahead, investors can lock in yields that have not been this high in years. More stability in interest rates and clarity on monetary policy should bring flows back into fixed income.

Our investment philosophy and process are deeply founded on a principle of portfolio stewardship. Stewardship, to us, means keeping portfolios aligned to the desired long-term investment objectives in the face of a constantly changing world. As such, we offer clients a broad range of investment risk exposure and investment strategies, always guarding against the unintended risks that can arise when making such investments.

Invariably, if you chase performance, you end up shooting yourself in the foot, and Tatton’s approach has always been to remain calm in the face of volatility, adopting a level headed management of portfolios. Our performance highlighted in the table above bears testament to that.

The scalability of our model is maintained through our operational efficiency, our flexibility and the strength of our team in implementing our strategy. We have emerged from the global upheavals of recent years as a much bigger, better and more resilient business.

We are extremely proud of our achievements during the last 10 years, but our focus is resolutely fixed on the next 10 years, as we build on our strong foundations to continue to deliver for the clients of financial advisers whatever economic environment develops. We are perfectly placed to benefit from increased investor interest and involvement, and a desire to have the more “grown-up” investment approach that personal portfolios on platform can undoubtedly provide.

**LOTHAR MENTEL**  
CHIEF INVESTMENT OFFICER

# Our marketplace

## OUR MARKET



### MARKET TRENDS/OUR MARKETPLACE

Tatton operates in the structurally attractive UK wealth market that has delivered considerable growth in recent years. Despite the current macro environment backdrop, the growth outlook for the UK wealth management market remains positive, with the markets expected to grow at an annual rate of 6% to 8% to £2.5 trillion by 2026. Driving this growth are the fiscal and regulatory changes which have promoted investment and savings, and we have also continued to see the ongoing shift from DB pension schemes to DC along with the changing demographic of an ageing population and their focus on retaining wealth over the long term. The Group remains well positioned in this market as Tatton's core niche in the UK wealth market, "on-platform MPS", is the fastest-growing segment of the wealth management market and is forecast to grow from £81.4 billion today to c.£200 billion by 2026.

Tatton has continued to grow strongly, with AUM/AUI increasing to £13.9 billion or 23%, and this year we achieved record net inflows of £1.8 billion. We remain confident that we can continue to benefit from the structural tailwinds supported by our broad distribution reach and relationships, with over 869 firms supported by our third party distribution partnerships, along with our breadth of offering and track record of consistent investment performance over the last 10 years. Complementing this, Paradigm Mortgage involvement in lending increased by 10.3% to £14.5 billion against a difficult mortgage market backdrop specifically in the latter part of 2022 and continuing into early 2023. This growth demonstrates the strength of the proposition as we continue to add new firms, which now stand at 1,751.

As our marketplace continues to evolve, the Group remains prepared to take advantage of the growth opportunities that these trends present.

## GROWING STRENGTH OF THE IFA SECTOR MARKET CONDITIONS

The requirement for advice from IFAs remains unchanged. There is increasing demand for advice, with annual growth of c.7-9% p.a., particularly in the affluent/mass affluent segments as clients continue to make complex decisions around financial planning. However, regulatory and technological change continue to drive consolidation across the industry.

### OUR RESPONSE

Tatton's evolving proposition range and quality of service to our IFA firms drives our organic growth as more advisers place their trust in Tatton as their outsourced investment expert. There continues to be an increasing awareness within the financial adviser community that MPS solutions fit both their clients' needs while helping the adviser deliver against their regulatory requirements.

Number of Directly Authorised IFA Firms<sup>2</sup>

# 5,512

2. PIMFA, November 2020

### PRINCIPAL RISKS 1, 2, 3

## INCREASING COMPETITION AND CONSOLIDATION MARKET CONDITIONS

IFA consolidation continues to be a factor in the marketplace, as does the increasing number of firms offering DFM MPS as they look to capitalise on the market opportunity.

### OUR RESPONSE

The market for on-platform MPS is expected to more than double to £200 billion by 2026. Tatton remains the leading brand in the market benefitting from our scale, wide distribution footprint, an investment performance track record of over 10 years and a market leading price and service proposition.

### PRINCIPAL RISKS 2, 8, 13

## DISRUPTION IN THE INVESTMENT MARKETS MARKET CONDITIONS

This financial year has been another year of volatility against a difficult macro-economic backdrop and many asset managers have seen material outflows from their funds. This market disruption can significantly affect consumer confidence and alter both their short and long-term attitudes towards savings and investment.

### OUR RESPONSE

Tatton has continued to demonstrate its operational resilience throughout recent years where markets have been challenging. Demand remains strong for lower cost on-platform discretionary investment management solutions and in this difficult environment Tatton delivered record net inflows of £1.8 billion. Throughout this period, our investment performance has been strong and we continue to support IFAs with regular communications providing increased understanding of how global events impact or benefit their clients' investments.

### PRINCIPAL RISKS 1, 3

#### PRINCIPAL RISKS

- |   |   |   |
|---|---|---|
| <ol style="list-style-type: none"> <li>1. ADVERSE MACRO-ECONOMIC, POLITICAL AND MARKET FACTORS</li> <li>2. CHANGING COMPETITIVE ENVIRONMENT</li> <li>3. REGULATORY RISK</li> <li>4. CHANGE TO UK TAX LAW</li> </ol> | <ol style="list-style-type: none"> <li>5. FAILURE OF A THIRD PARTY SERVICE PROVIDER</li> <li>6. FAILURE TO RECRUIT AND RETAIN QUALITY PERSONNEL</li> <li>7. FAILURE OF INVESTMENT STRATEGY</li> <li>8. LOSS OR FAILURE OF KEY IFA CLIENT</li> </ol> | <ol style="list-style-type: none"> <li>9. SYSTEM FAILURE, CYBER SECURITY AND DATA PROTECTION</li> <li>10. COUNTERPARTY CREDIT RISK</li> <li>11. LIQUIDITY RISK</li> <li>12. BANK DEFAULT</li> <li>13. CONCENTRATION RISK</li> </ol> |
|---|---|---|

## UK MORTGAGE MARKET - RESILIENCE MARKET CONDITIONS

The resilience of the UK housing market remains intact. We anticipate a year of two halves, with initially a quieter purchase market, fuelled by essential movers. As inflation and rising interest rates surpass their peaks, the drive and affordability for home ownership will return, underpinned by the perennial issue where supply doesn't match demand.

### OUR RESPONSE

We will continue to focus on increasing the number of firms we work with to sustain lending volumes and take advantage of record levels of loan maturities and remortgages, which will continue to be an area of focus. Alongside this, we will continue to take advantage of the opportunities to grow cross-sales activities across protection, general insurance and compliance support.

2022 gross lending<sup>3</sup>

# £322bn

3. UK Finance calendar year data

2021 gross lending<sup>3</sup>

# £316bn

### PRINCIPAL RISKS 1, 2, 3

## IMPACT OF REGULATORY CHANGE MARKET CONDITIONS

The ability of IFAs to meet the growing demand for financial advice continues to be challenged, partly due to increased regulatory pressures, such as the implementation of Investment Firm Prudential Regime ("IFPR") and more recently the new regulation on consumer duty. The consequences are IFAs face significant costs and resource challenges.

### OUR RESPONSE

Regulatory requirements are increasing the demand for a centralised investment proposition and we constantly monitor and review changes in the regulatory environment for both the impact on our Group as well as our firms. In our Paradigm Consulting business, our compliance experts support our member firms through any changes as they manage the impact of new regulation on their businesses.

### PRINCIPAL RISKS 2, 3

## GROWING STRENGTH OF PLATFORM MARKET MARKET CONDITIONS

Strong growth is expected to be in retail advised platform assets (8-10% segment growth p.a.) as platforms benefit from the growth in the underlying adviser market. They remain an increasingly attractive method by which consumers are able to engage more closely with their financial planning and monitor their investments to aid decision making.

### OUR RESPONSE

While we remain platform agnostic, our proposition is available across 20 investment platforms and we will continue to be accessible on new and emerging platforms to meet client demand.

2022 assets<sup>4</sup>

# £680.1bn

4. Platorum, May 2022

2021 assets<sup>4</sup>

# £593.9bn

### PRINCIPAL RISKS 1, 2, 3

# How we do business

Our success is attributed to our close collaboration with IFAs, enabling us to understand both the IFAs and their clients' requirements. This approach not only grants us valuable market insights but also facilitates the enhancement of the Group's comprehensive offering.

## Our inputs

### RELATIONSHIPS WITH IFAS

Our high calibre investment management, consultancy, and mortgage-related services equip IFAs with the tools necessary to assist their clients. We foster enduring partnerships with IFAs to aid them in expanding and improving their businesses.

### REGULATORY KNOWLEDGE

With extensive regulatory expertise and technical proficiency, our Paradigm Consulting team provides exceptional assistance to IFAs in response to the heightened need for guidance in a heavily regulated industry.

### CAPITAL ALLOCATION

Capital is reserved for regulatory obligations and investment objectives. The Board evaluates prospective acquisition prospects that complement and align with our existing model, while also improving earnings and enhancing shareholder value.

### TECHNOLOGY

The Group allocates resources to technology via both operational and capital expenditures. Investment priorities are identified based on technology's ability to bolster the Group's long-term growth strategy.

### BRAND RECOGNITION

Our brand awareness has steadily increased, thanks to the Group's cost-effective marketing approach which incorporates direct marketing, events, public relations, and referrals.

### TALENTED PEOPLE

Our Group attracts, nurtures, and retains exceptional individuals with pertinent expertise to execute our strategy and provide high quality service.

## How we create long-term value

### CLIENT FINANCIAL GOALS

Investment goals

Length of investment

Risk appetite

# IFA

We diligently oversee IFAs' clients' investments, regularly enhancing our offerings to meet their evolving needs. Additionally, we extend support to assist firms in growing their clients' wealth and prioritise relationship-building efforts.

## Our business model is underpinned by:



OUR STRATEGY



OUR RISK MANAGEMENT FRAMEWORK

Read more on page 20

Read more on page 30

## Strategic objectives

### TATTON INVESTMENT PORTFOLIOS AND FUNDS

869

firms

107,010

client accounts

£12.735bn

AUM

44

risk-rated portfolios  
across a range of strategies  
across 20 platforms

£1.136bn

8AM Global AUI

### PARADIGM MORTGAGES AND INSURANCE

1,751

member firms

£14.50bn

mortgage completions

### COMPLIANCE ADVICE AND SUPPORT TO IFAS

431

Consulting member firms

+5,000

technical helpdesk enquiries  
and file review checks per year

## Our outputs

### SHAREHOLDERS

The Group has a cash-generating business model, substantial recurring revenue, and robust profit margins in a growing market. The value generated by the business is either distributed to shareholders as dividends or reinvested to fuel future growth. Additionally, our progressive dividend policy reflects our commitment to long-term value creation – see page 64.

### CLIENTS

We assist clients in realising their long-term objectives by delivering high quality service and expertly managing their wealth through our versatile, responsive, and cost-effective range of portfolios and funds.

### IFAS

We provide IFAs with support in an increasingly regulated environment and access to whole of market lenders and distributors.

### EMPLOYEES

Our employees play a vital role in supporting our clients and driving shareholder value. As such, we provide them with enriching career opportunities that challenge and reward them while also fostering learning and development.

### SOCIETY

The Group's offerings to IFAs and their clients instil confidence in saving and investing. Committed to social responsibility, we take our environmental and societal obligations seriously, consistently advancing and achieving our ESG objectives. See pages 36 to 47.

AUM/AUI<sup>1</sup>

£13.871bn

Adjusted operating profit<sup>1</sup>

£16.402m



OUR HIGH STANDARDS OF  
CORPORATE GOVERNANCE

Read more on page 54



HOW WE ENGAGE  
WITH OUR STAKEHOLDERS

Read more on page 48

1. Alternative performance measures are detailed in note 23.



# Moving forwards with confidence: Strategies for long-term success



## DEEPEN OUR IFA RELATIONSHIPS TO GROW AUM

Strengthening existing IFA/client relationships and building new long-term relationships, delivering sustainable value for both the IFA/clients and shareholders



## ORGANIC GROWTH - INCREASE SHARE OF OUR RESPECTIVE MARKETS

Further penetrate our markets adding new firms in Tatton and new members in Paradigm

### OUR STRATEGY AND DESCRIPTION

#### 2023 ACHIEVEMENTS

- AUM has increased by 12.3% to £12.735bn from £11.341bn in the prior year across all firms and clients
- The number of firms in the year increased by 16.5% to 869
- The acquisition of 50% of 8AM Global, contributing £1.136bn of AUI from over 90 firms
- New firms and new members increased across all parts of the business
- Paradigm Consulting +2.4% to 431
- Paradigm Mortgages +4.6% to 1,751
- Tatton +16.5% to 869

#### 2024 OBJECTIVES

- We continue to invest in account management, both internal and external, to ensure we are well placed to service the IFAs' needs
- Further broaden our proposition and service portfolio
- Maintain the market leading product and service proposition
- Maintain new firm growth in Tatton, leveraging strategic partnerships complimented through further marketing and account management

### KEY PERFORMANCE INDICATORS ("KPIs")

#### NET INFLOWS

**£1.794bn**

NET INFLOWS AS %  
OF OPENING AUM

**15.8%**

INCREASE IN  
AUM IN THE YEAR

**12.3%**

#### TATTON FIRM NUMBERS

**869**

GROWTH IN TATTON FIRMS

**16.5%**

MORTGAGES MEMBERS

**1,751**

CONSULTING MEMBERS

**431**

### RISKS

#### INTERNAL

- Failure of investment strategy
- Key personnel risk (failure to recruit or retain quality personnel)

#### EXTERNAL

- Changing regulatory and competitive environment which could adversely impact AUM and client number targets
- Adverse macro-economic, political and market factors which affect performance
- System failure, cyber security and data protection breaches causing reputational damage

#### INTERNAL

- Loss or failure of key IFA client
- Failure of investment strategy

#### EXTERNAL

- Increasing level of competition and new entrants into the MPS market
- IFA consolidation reduces the number of targets with the potential to impact existing firms

**The Group continues to deliver increasing AUM, new customer acquisitions and improving financial results against the backdrop of a complex and challenging market environment.**

We are focused on the provision of products and services that an IFA requires to service its clients and continue to invest in both people and technology that will enhance and enable our business model. The Group is strategically well positioned in its respective markets, and we continue to develop and reinforce our business. To augment our organic growth we will look to make acquisitions that will enhance earnings and contribute to our broad strategic goals and the Group remains optimistic about its long-term prospects.



### M&A AND JV ACTIVITY REMAINS PART OF THE GROUP'S GROWTH STRATEGY

We continue to look to complement our strong organic growth through targeted acquisitions and entering into strategically aligned joint ventures

- Completed the acquisition of 50% of share capital of 8AM Global Limited with £1.136bn of AUI, primarily focused on delivering risk-profiled model portfolios which complement Tatton's existing propositions
- We have continued to develop a strong pipeline of potential targets to support future M&A activity

- Our ambition is to grow both organically and also through making strategic acquisitions that are earnings enhancing and have the potential to fit our wider strategic objectives. We will continue to evaluate opportunities as and when they arise

8AM GLOBAL AUI

**£1.136bn**

CASH AT BANK

**£26.5m**

STRONG PIPELINE OF POTENTIAL JOINT VENTURES AND ACQUISITIONS

#### INTERNAL

- Due diligence and post-acquisition integration risk
- Liquidity risk where the Group is unable to obtain sufficient funding

#### EXTERNAL

- Changes in regulatory requirements
- Adverse macro-economic, political and market factors which affect the valuation of target companies/fund ranges
- Interest rate risk on borrowings
- Bank default



### MIGRATION OF ASSET "BACK BOOKS"

We look to migrate existing clients' back book of assets over to Tatton in the medium term

- This financial year, we developed and migrated back books with a total value of £363m across Tatton's 869 firms
- To support the migration, we continue to set up white label, co-brands and AIAs with existing firms, with five new white labelling firm brands this year

- We maintain a pipeline of back book opportunities. As we head into the new financial year, we will look to execute the migrations while developing further opportunities to add to the pipeline

AUM

**£12.735bn**

WHITE LABELLING FIRM BRANDS

**24**

#### INTERNAL

- Failure of investment strategy
- Key personnel risk (relationship management)
- Loss or failure of key IFA client

#### EXTERNAL

- Changing competitive environment
- Failure of a third party platform provider



### STRATEGIC PARTNERSHIPS

We will develop strategic partnerships/alliances as an additional distribution channel to increase assets on the Tatton DFM service

- This is the first full year of the strategic partnership with Intel plc. At March 2023, over 70 firms have contributed over £0.5bn to Tatton's overall AUM of £12.7bn
- We have also brought on board new IFA firms following our partnerships with Sesame Bankhall and Threesixty Services

- Continue to develop existing strategic alliances and develop new relationships that align objectives and deliver the best outcomes for the client and IFA

ATTRIBUTABLE AUM

**£2.7bn**

#### INTERNAL

- Key personnel risk (relationship management)
- Failure of investment strategy

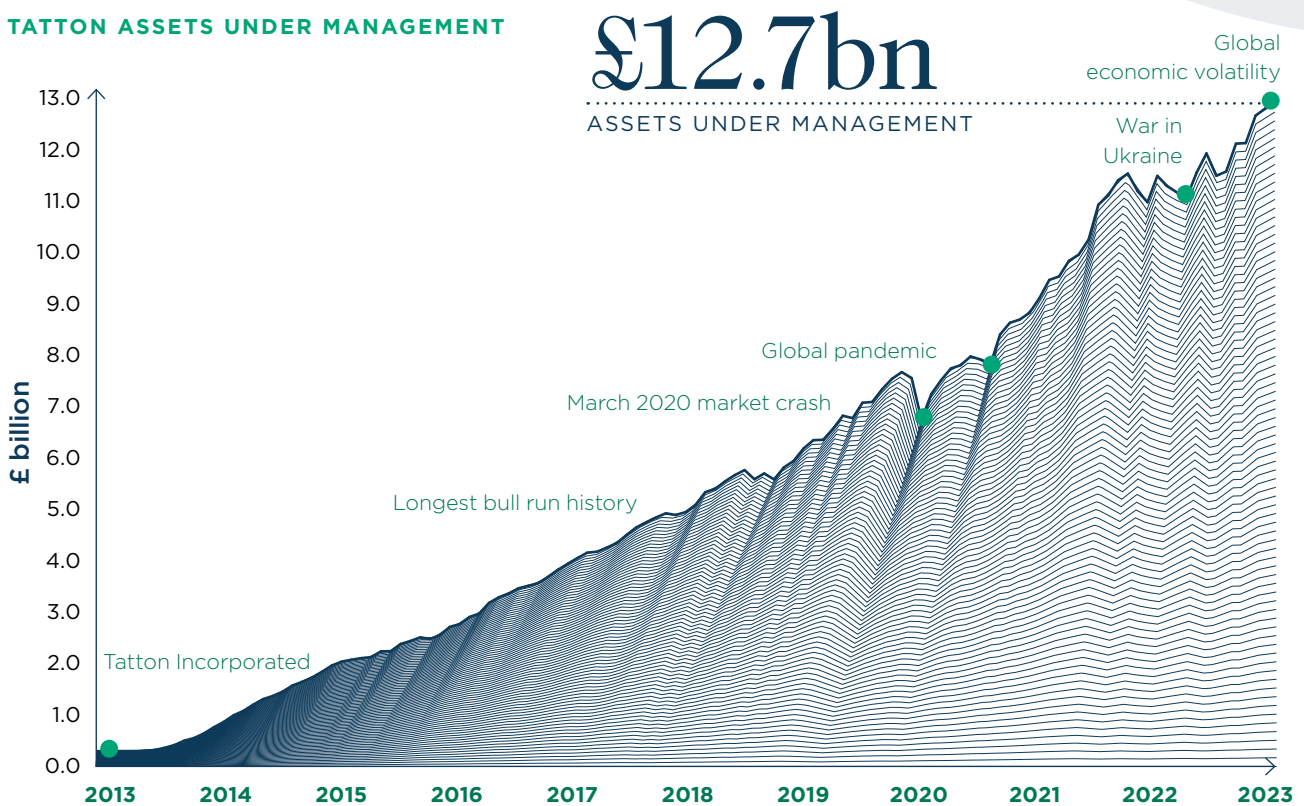
#### EXTERNAL

- Changing competitive environment
- Regulatory changes affecting the Group's ability to reach new distribution channels

Growing in a dynamic market

# Capitalising on more IFA partnerships

## TATTON ASSETS UNDER MANAGEMENT



### Growth by keeping the IFA at the heart of our business

This year, we have continued to increase the number of IFA firms we work with by 16.5% to 869 firms (2022: 746). Our ability to increase our distribution footprint and direct IFA relationships beyond our initial base of Paradigm members has significantly contributed to the growth in AUM over the years, and since our public listing in 2017 the number of firms has grown at a compound annual growth rate of 24.2%.

Adding to our organic growth the three acquisitions we have made since September 2019 and the range of strategic partnerships we have entered into have all contributed to this growth and enabled us to further expand our reach. As we look forward there remains significant opportunity to grow and deepen these relationships and get a greater share of the IFAs' available assets.

[Read more in our Market share and trends section](#)

### NUMBER OF IFA FIRMS

**869**  
+16.5%

### NUMBER OF CLIENT ACCOUNTS

**107,010**  
+19.2%





STRONG ORGANIC NET INFLOWS

£1,794m  
+40.5%



PARADIGM MORTGAGES COMPLETIONS

# £14.5bn

Growing in a dynamic market

# UK mortgage market

## The resilience and value of IFAs and brokers was never more evident than during this last year.

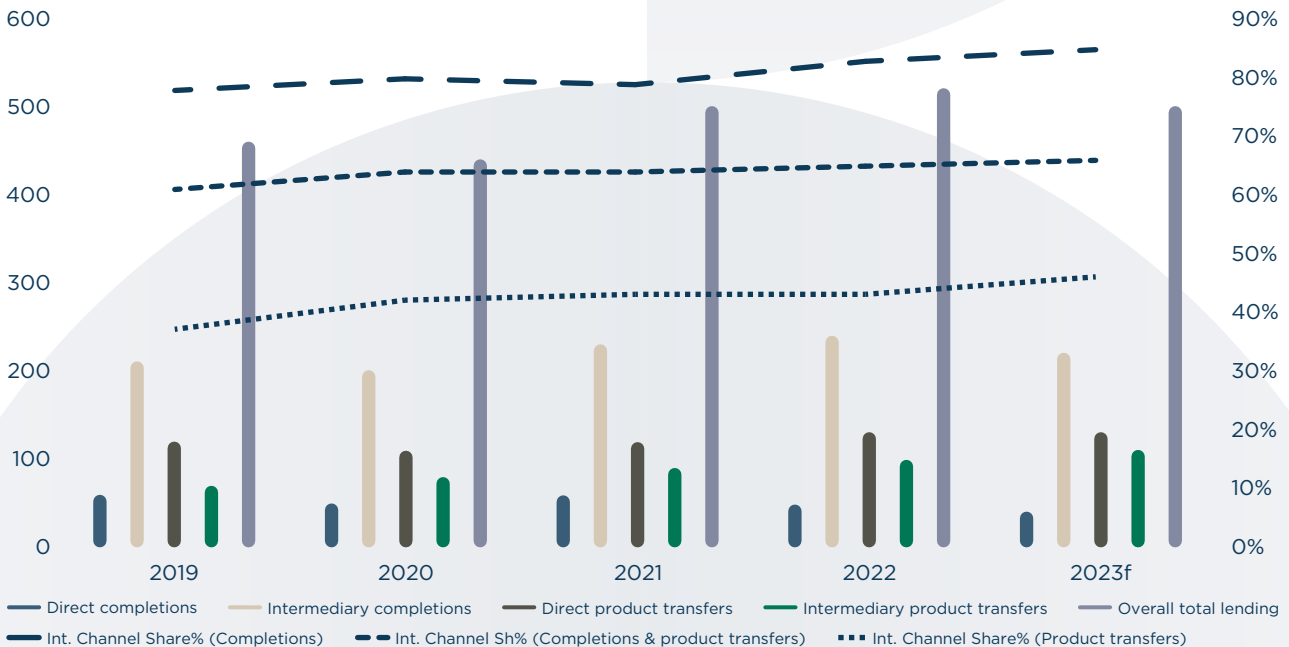
While the results of Government policy on interest rates are still being felt, the situation has stabilised and rates and products have returned to near normal. Over this time, consumers continued to turn to IFAs and brokers to help with affordability, particularly in areas such as loan maturities and remortgages, providing an opportunity for advisers to help clients move to better rates.

The Lloyds Banking Group data below shows the size of the UK mortgage market and how much lending is directly through lenders compared to third party intermediary businesses. It also highlights that the intermediary share of all mortgage completions is estimated to continue to rise to c.85%. As a consequence, Paradigm remains in a strong position to build on its intermediary market share following the delivery of record completions of £14.50bn this year.

[Read more in our Market share and trends section](#)

## UK MORTGAGE LENDING

£bn



## PARADIGM INTERMEDIARY MARKET SHARE

4.4%  
+1.5%

## PARADIGM MORTGAGES FIRMS

1,751  
+4.6%

Growing in a dynamic market

# We focus on managing the investments of IFAs' clients

## Keeping advisers central to the client relationship

Tatton operates under the Reliance on Others regulatory regime, which means we take responsibility for the investment decisions we make, rather than creating a gap between us and the end client through the Agent as Client operating model.

Reliance on Others keeps the adviser central in the relationship, and includes a direct investment agreement between the DFM and each underlying client, with the DFM taking on the client as a retail client. This means that the DFM takes on some of regulatory responsibilities for the client. The contract is orchestrated by the adviser who stays in control of the relationship. The DFM relies on information provided by the adviser, rather than dealing directly with the client.

 [Read more in our Market share and trends section](#)

## TATTON ECOSYSTEM

### IFA firms

- Direct
- Paradigm
- Tenet
- Fintel
- 8AM firms
- Threesixty
- Sesame Bankhall

PARADIGM  
CONSULTING

PARADIGM  
MORTGAGES

### Tatton Asset Management

#### TATTON FUNDS/OTHER

- Novia
- Cofunds
- Abrdn Elevate

#### TATTON MPS SIZE

£11.6bn

£1.1bn

#### AUI ADDED

FOLLOWING A 50%  
INVESTMENT IN 8AM GLOBAL

#### TATTON MPS

- Nucleus
- Aviva
- Transact
- Abrdn Wrap
- Aegon
- +15 other platforms

8AM GLOBAL  
Other platforms



TATTON MPS SIZE

£11.6bn

# Group performance

## STRATEGIC OBJECTIVES

The Group uses these financial and strategic key performance indicators (“KPIs”) to measure its progress and the achievement against its strategy.



**DEEPEN OUR IFA RELATIONSHIPS TO GROW AUM**  
TATTON FIRM NUMBERS

# 869



**ORGANIC GROWTH - INCREASE SHARE OF OUR RESPECTIVE MARKETS**  
NET INFLOWS

# £1.794bn



**M&A AND JV ACTIVITY**  
ACQUISITION OF 50% OF 8AM GLOBAL

# £1.1bn



**MIGRATION OF ASSET “BACK BOOKS”**  
WE PROVIDE A WHITE LABEL PROPOSITION TO

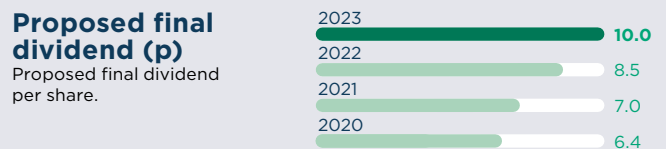
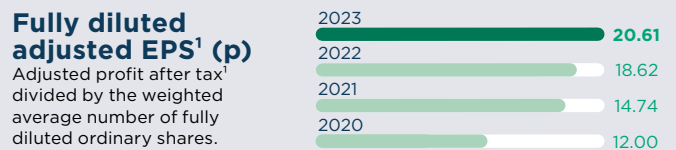
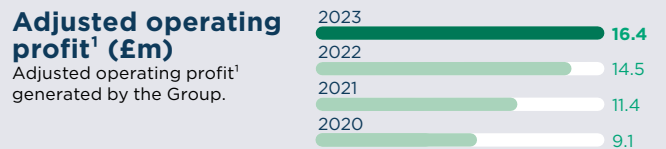
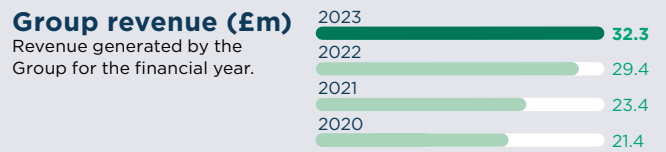
# 24 firms



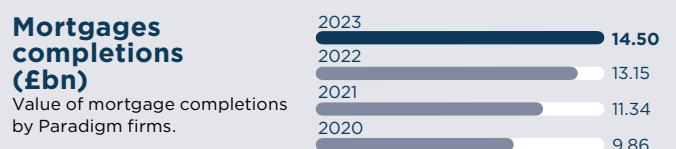
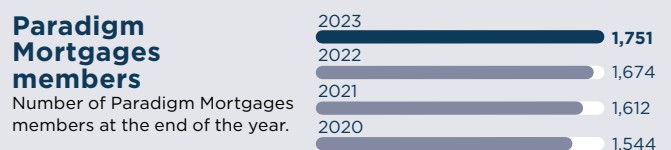
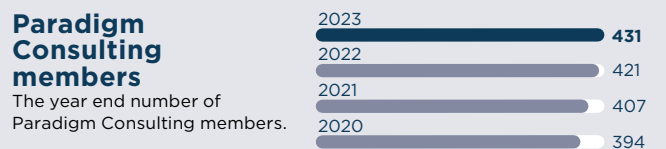
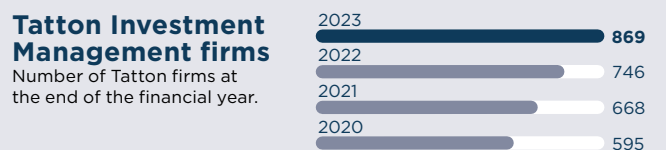
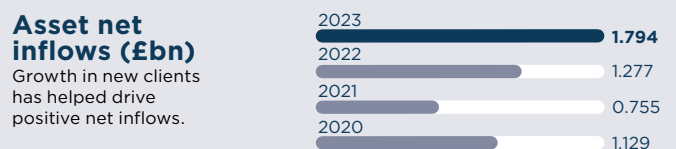
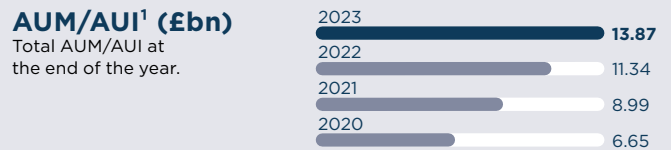
**STRATEGIC PARTNERSHIPS**  
ATTRIBUTABLE AUM

# £2.7bn

## FINANCIAL KPIs



## NON-FINANCIAL KPIs



1. Alternative performance measures are detailed in note 23.

## LINK TO STRATEGIC OBJECTIVES

## FY2023 PROGRESS AND FY2024 OUTLOOK

Revenue has grown by 10.1% in the year, driven by record inflows in the financial year, the increase in AUM, as well as the increase in the number of firms receiving the Tatton and Paradigm services. The Group's strategy is to continue its growth both organically and through M&A activity in line with the Group's "Roadmap to Growth" target.

Increased profits and margins have been delivered as a result of the Group's high level of recurring revenue and operational gearing. Adjusted operating profit<sup>1</sup> has increased by 12.9% to £16.402m, delivering adjusted operating profit<sup>1</sup> margin of 50.7% (2022: 49.5%). Profit before tax has also increased to £15.996m (2022: £11.275m). TAM expects its level of profits and profit margins to continue to increase as the Group continues to grow.

Strong growth across the Group has driven an increase of 10.7% in fully diluted adjusted EPS<sup>1</sup> to 20.61p (2022: 18.62p), reflecting the increased value delivered to shareholders.

The Group expects to continue to grow EPS through the scalability of the business model and continued strategic execution.

A final proposed dividend of 10.0p gives a full year dividend of 14.5p.

The Group targets continued growth in dividends per share in line with the Group's dividend policy, see page 64.

## KEY RISKS

AUM reduction stemming from unfavourable macro-economic, political, or market conditions or intensified competition resulting in a decline in revenue.

A loss of a significant IFA client or damage to our reputation leading to AUM reduction will negatively impact the Group's revenue.

A decrease in revenue or rise in operating expenses, such as those associated with the revenue risks mentioned earlier or increased costs stemming from legislative/regulatory modifications, system failures, or cyber security/data breaches, would impact adjusted operating profit<sup>1</sup>.

Fully diluted adjusted EPS<sup>1</sup> would be affected by a reduction in profits.

A reduction in profits would reduce the level of profits available for distribution to shareholders. If the Group has a shortfall in cash or other liquid assets, changed its strategy on the allocation of capital or had an inability to obtain sufficient funding, it may be unable to pay a dividend.

AUM reductions can occur due to unfavourable macro-economic, political, or market factors. The Group might experience outflows due to intensified competition, investment strategy shortcomings, loss of a significant IFA client, or the inability to attract and retain high quality personnel capable of meeting clients' needs.

Net inflows could decrease because of adverse market conditions, loss of a significant IFA client, changes in the competitive landscape, or shortcomings in the Group's investment strategy.

The Group's capacity to acquire new firms could be impacted by a more competitive environment. The Group might also lose firms due to issues related to its investment strategy or the recruitment and retention of high quality personnel.

The Group may not be able to increase the number of member firms due to an increasingly competitive environment and market consolidation.

The Group may not be able to increase the number of member firms due to an increasingly competitive environment.

Paradigm gross lending would be affected by the number of member firms.



Paradigm Mortgages increased its involvement in mortgage completions by 10.3% to £14.50bn, against an uncertain and challenging market environment. Mortgage completions have remained strong at £7.2bn in the second half of the year (H1: £7.3bn). As Paradigm continues to recruit new firms, it will continue to increase its share of the mortgage market.



## Our approach to risk

**The Group's financial strength and resilience depend on effective risk management. Our risk management framework ensures that the business identifies both existing and emerging risks that could undermine the Group's strategy, and develop appropriate mitigation measures to safeguard the interests of all our stakeholders.**



### Risk management framework

The Board is ultimately responsible for the Group's risk management and internal control systems, and for determining the Group's risk appetite. A risk management framework has been developed by the Board to ensure that all potential areas of risk to the business are identified, assessed, and regularly reviewed, monitored and reported. The Board seeks to ensure that the risks taken by the Group are managed in order to achieve a balance between appropriate levels of risk and return. Ownership of risk rests within the relevant division and teams, with oversight and escalation to the Group Board where required. This is delivered through moving towards a three lines of defence model (see next page).

We carry out a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. We categorise these risks into three risk groups – Industry, Operational and Financial – and assess the potential impacts to clients, revenue, capital and reputation.

### Philosophy and culture

The Board encourages a strong risk culture throughout the business. It believes an embedded risk culture enhances the effectiveness of risk management and decision making across the Group. The Board is responsible for setting the right tone and, through our senior management team, encouraging appropriate behaviours and collaboration on managing risk across the business. Our risk culture ensures that all employees are able to identify, assess, manage and report against the risks that the Group faces. The Group operates a whistleblowing procedure where employees can raise concerns anonymously either internally or externally.

### Governance

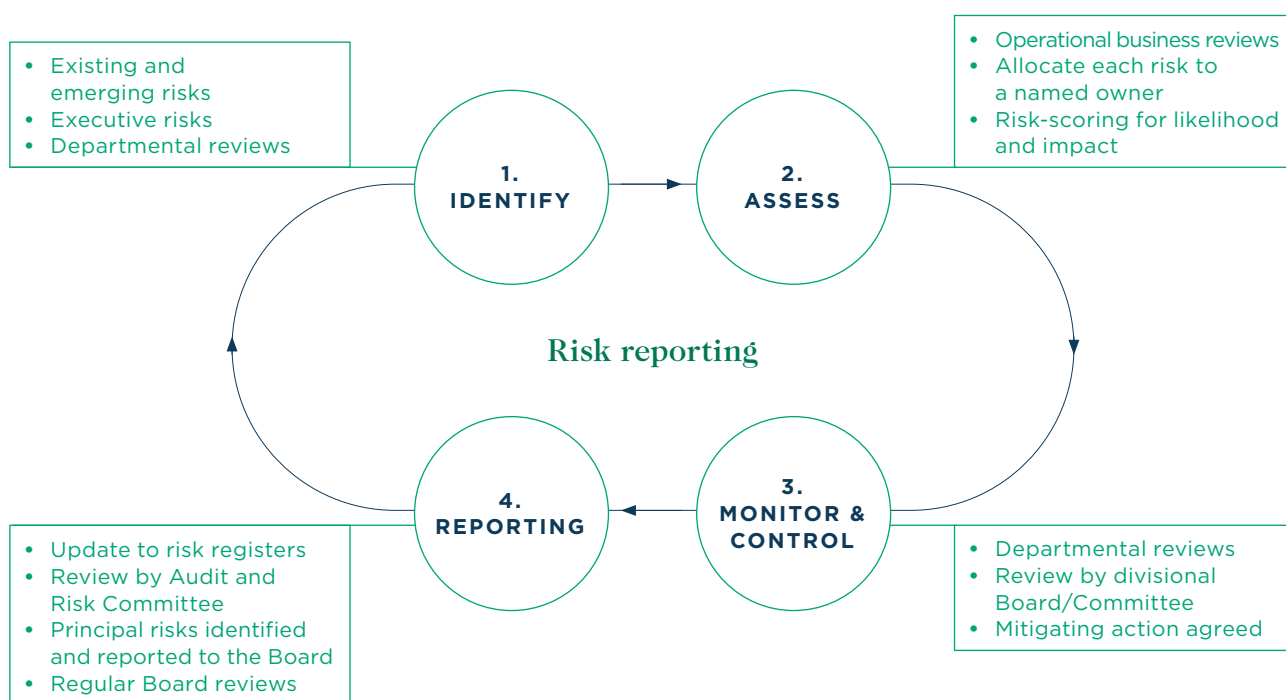
The Audit and Risk Committee met four times in the year and its members are as follows:

- Chris Poil, Chairman (and Senior Independent Non-Executive Board Director)
- Roger Cornick (Non-Executive Chairman of the Board)
- Lesley Watt (Non-Executive Board Director)
- Other Directors and senior management are invited to attend as appropriate, including the following:
  - Paul Hogarth (CEO)
  - Paul Edwards (CFO)
  - Helen O'Neill (COO of Tatton Investment Management Limited ("TIML"))
  - Grant Dempster (Non-Executive Board Director of TIML)
  - Scott Adams (Head of IT)
  - Gill Aukett (Head of Compliance, TIML)

Our internal governance process includes departmental management reviews with dedicated risk registers, where each department is responsible for overseeing key investment, operational and corporate functions. The Group's Audit and Risk Committee serves as the focal point for risk management activities, reviewing and challenging specific risks to the Group, and reviewing the effectiveness of frameworks in place to manage those risks.

Tatton and Paradigm, both reporting to the Group's Audit and Risk Committee, have individual responsibilities for managing and overseeing their respective divisional risks. In the current financial year, Tatton has continued to progress its risk management framework to ensure our staff fully understand how we manage risk across our business and highlight individuals' personal responsibility.





To help decision makers understand the key risks and meet our regulatory responsibilities, we have enhanced our risk reporting with more accurate and relevant metrics, and updated our company policies. We continuously challenge ourselves to ensure we identify, assess, monitor, control and report against our risks as detailed below:

### Risk appetite

The Audit and Risk Committee regularly reviews the Group's risk registers and mitigating processes to ensure that these are considered acceptable to the risk appetite and attitude of the Board.

Each division sets risk appetite statements for financial and franchise risks with key risk indicators. These are annually approved and reviewed on a quarterly basis by the Audit and Risk Committee, with any relevant escalation to the Board.

The Board's strategic objectives and expectations are that the business will continue to grow. However, the Board remains committed to having a balanced appetite for risk, ensuring that our internal controls mitigate risk to appropriate levels.

### Risk reporting

Our assessment of risks involves ranking risks based on their potential impact and the likelihood of their occurrence. By ranking risks according to their relative impact and probability, we gain a clearer understanding of their significance. Risks that exhibit a sufficiently high likelihood of causing material harm to the Group are specifically highlighted in the Group's risk management dashboard. This ensures that they receive the necessary attention from senior management and the Board, allowing for informed decision-making and proactive risk mitigation.

The following pages of this Report show our assessment of the top risks that we face, along with how the significance of the risk has changed during the year. While the identified top risks have remained consistent since the previous year, it is important to note that risks are not static. The Board continuously evaluates and assesses new and emerging risks throughout the year, aiming to identify potential threats that may impact the Group's operations, reputation, and objectives.

This proactive approach enables us to stay ahead of potential disruptions and make informed decisions. Some of the emerging risks that the Group particularly focuses on include cyber threat developments, global political tensions, and climate change. By closely tracking these developments, we are better prepared to adapt our strategies and implement appropriate risk mitigation measures to address the evolving landscape and protect the interests of our stakeholders.

### THREE LINES OF DEFENCE

#### 1 FIRST LINE OF DEFENCE Ownership and management of risk within the business

Each division's senior management team are accountable for identifying and managing their risks in line with the risk management framework. They are responsible for developing and maintaining effective internal controls to mitigate risk to an acceptable level.

#### 2 SECOND LINE OF DEFENCE Risk oversight and challenge





The TAM Board, Audit and Risk Committee, the TIML Board, the TIML Board Risk and Compliance Committee and those involved in compliance functions maintain a level of independence from the first line. They provide oversight and challenge of first line risk management activity, and provide guidance and direction on the Group's policies and procedures relating to risk management and compliance.

#### 3 THIRD LINE OF DEFENCE Independent assurance



The Group does not operate an internal audit function; however, there are other external bodies which provide some independent assurance, perspective and challenge. Third party companies are used for reviewing and testing areas such as IT security, human resources, and health and safety.

## Industry risks

KEY  Risk increased  Risk decreased  Risk unchanged

RISK	IMPACT	MITIGATION
<p><b>ADVERSE MACRO-ECONOMIC, POLITICAL AND MARKET FACTORS</b> Economic, political and market forces, particularly impacting the UK equity markets, which are beyond the Group's control, could adversely affect the value of AUM from which the Group derives revenues.</p> <p>The ongoing impact of changes to interest rates and the cost of living has seen this risk increase during the year.</p>	 <ul style="list-style-type: none"> <li>• Downturns in the market and resultant falls in AUM or other income would have a negative impact on the Group's revenue and profit</li> <li>• Market uncertainty can lead to clients being reluctant to invest in the market, so reducing net asset inflows</li> <li>• Cost of living increases and uncertainty around interest rates can lead to individuals being cautious when it comes to remortgaging or moving house, so impacting mortgage completions</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has an experienced investment management team with a strong track record</li> <li>• Investment strategies are continually monitored by the Investment Committee</li> <li>• A prudent approach to investment strategy means that a significant proportion of AUM is made up of lower risk appetite portfolios which typically have a market fall correlation of approximately 60%</li> <li>• Paradigm has a comprehensive panel and growing number of firms to drive mortgage completions</li> </ul>
<p><b>CHANGING COMPETITIVE ENVIRONMENT</b> The market environment in which the Group operates is highly competitive with fast-changing characteristics and trends.</p> <p>Factors which can shift over time include: preferences between advisory/discretionary, outsourcing regulatory responsibilities/in-house provision, among many others. AUM growth among the Group's competitors have shown this risk has increased during the year.</p>	 <ul style="list-style-type: none"> <li>• Loss of competitive advantage such that AUM and client number targets are adversely impacted. This would have a negative impact on revenue and profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Broad service offering providing diversified revenue streams across an increased number of platforms</li> <li>• Highly competitive price points</li> <li>• Deep industry experience and strong client relationships resulting in a loyal customer base</li> <li>• Strong brand and excellent reputation</li> </ul>
<p><b>REGULATORY RISK</b> Changes to or new legislation and/or regulation, for example, the new consumer duty or changes to interpretation and/or failure to comply with existing legislation and/or regulation, may adversely impact the Group's operations and competitive position. The roll out of consumer duty has seen this risk increase during the year.</p>	 <ul style="list-style-type: none"> <li>• Poor conduct could have a negative impact on providing good customer outcomes, impacting the Group's ability to achieve strategic objectives</li> <li>• Related negative publicity could reduce customer confidence and affect ability to generate net asset inflows</li> <li>• Complaints and claims from third parties and clients in connection with the Group's regulatory responsibilities could have an adverse impact on the Group's financial condition</li> <li>• Regulatory fine and/or censure</li> </ul>	<ul style="list-style-type: none"> <li>• Robust compliance and risk frameworks in place across the Group</li> <li>• The Group delivers strong regulatory and compliance support to clients through dedicated compliance teams and systems</li> <li>• The Group's strong financial position ensures it can meet its regulatory capital requirements and it also provides a safeguard should further changes to regulatory capital requirements occur</li> <li>• Regulatory support is a core business stream for the Group meaning that a strong risk culture exists throughout the Group</li> </ul>
<p><b>CHANGE TO UK TAX LAW</b> A change to UK tax law could adversely impact the performance and attractiveness of long-term saving and investment through pensions and other wrap products.</p>	 <ul style="list-style-type: none"> <li>• Increase in taxes and the tax treatment of investments could result in a reduction in savings and investment in pensions and other wrap products, so reducing AUM and the Group's revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Broad service offering, providing diversified revenue streams</li> </ul>

## Operational risks

RISK	IMPACT	MITIGATION
<p><b>FAILURE OF A THIRD PARTY SERVICE PROVIDER</b> The Group manages its investments through the use of third party service providers, e.g. platform/authorised corporate director providers.</p> <p>Operational failure or cessation of trade of a significant third party could have a material adverse impact on the Group's reputation, operations, financial performance and growth.</p>	 <ul style="list-style-type: none"> <li>• A Third party failure would have a negative impact on customer outcomes due to service unavailability, delays in receiving and/or processing customer transactions or interruptions to settlement and reconciliation processes, although this would need to be rectified by the third party themselves and could lead to minor reputational damage</li> <li>• Financial impact through increased operational losses and loss of AUM if assets moved to another platform</li> </ul>	<ul style="list-style-type: none"> <li>• Due diligence is performed when selecting key suppliers</li> <li>• The Group is covered by third party indemnities for business-critical services</li> <li>• Third party relationships are subjected to a high level of ongoing oversight, including due diligence and regular governance meetings. This gives assurance that third party platform providers meet the Group's high standards</li> </ul>
<p><b>FAILURE TO RECRUIT AND RETAIN QUALITY PERSONNEL</b> The Group operates in a competitive market for talent, and failure to recruit and retain key personnel could adversely impact the Group's operational performance.</p>	 <ul style="list-style-type: none"> <li>• Inability to service client needs</li> <li>• Reputational damage</li> <li>• Compromising working conditions and moral of other staff members</li> <li>• Fall behind peers in competition and proposition</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment programmes are in place to attract suitable staff</li> <li>• The success of the Group's listing has increased our ability to attract and retain high calibre candidates</li> <li>• Staff share schemes are in place to incentivise staff and encourage long-term retention</li> <li>• TAM Group is recognised as being supportive of on the job training and professional qualifications</li> </ul>

## Operational risks continued

RISK	IMPACT	MITIGATION
<p><b>FAILURE OF INVESTMENT STRATEGY</b> The risk that the investment strategy fails to maintain an acceptable level of performance, particularly in times of significant market volatility, resulting in a decline in revenues and in the value of assets from which revenues are derived.</p> <p>The risk Tatton portfolios are not seen as competitive in risk/return terms relative to internal/external benchmarks as well as peers.</p> <p>Tatton's investment strategy has proved to be highly robust in response to the COVID-19 pandemic and economic uncertainty which followed, thereby seeing this risk reduce.</p>	<p>↓</p> <ul style="list-style-type: none"> <li>Negative impact on achievement of AUM, net asset inflows and client number strategic targets</li> <li>Poor client outcomes that also prevent the achievement of our growth targets</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>The Group has an experienced investment management team with a strong track record</li> <li>Investment strategies are continually monitored by senior management, the Investment Committee and the Board</li> <li>Portfolios are regularly benchmarked against internal, external, and peer comparators with investigations undertaken when warranted</li> </ul>
<p><b>LOSS OR FAILURE OF KEY IFA CLIENT</b> The Group has several major IFA clients and Strategic Partnerships.</p> <p>A change in relationship or termination of business with any of these, for example, as a result of consolidation, and the Group being unable to replace them in a timely fashion, could have an adverse impact.</p>	<p>—</p> <ul style="list-style-type: none"> <li>Negative impact on achievement and retention of AUM</li> <li>Failure to achieve growth targets and requirement to provide commentary rationale around this</li> <li>Reputational damage, risk that TAM Group is not perceived as a leader in its field</li> </ul>	<ul style="list-style-type: none"> <li>The Group has a clearly defined business development strategy and a broad service offering</li> <li>The Group continues to add member firms, so diversifying its client base</li> <li>Client engagement is proactively managed by dedicated client managers who have in-depth knowledge of the IFA industry and expert regulatory and compliance knowledge</li> </ul>
<p><b>SYSTEM FAILURE, CYBER SECURITY AND DATA PROTECTION</b> The risk that operations are impacted or that data loss or data breach occurs due to system error, malfunction or malicious external breach. There has continued to be an increased level of attempted financial fraud over the past year and increased cyber security risks.</p>	<p>↑</p> <ul style="list-style-type: none"> <li>Related negative publicity could damage customer and market confidence in the business, affecting our ability to retain and attract new customers</li> <li>Information security breaches could result in fine/censure from regulators, the Information Commissioner's Office and the FCA</li> </ul>	<ul style="list-style-type: none"> <li>Experienced in-house team of IT professionals supported by reputable and established third party suppliers</li> <li>IT disaster recovery procedures in place</li> <li>Data Protection Officers appointed and penetration testing conducted regularly</li> <li>Increased awareness and training of employees</li> </ul>

## Financial risks

RISK	IMPACT	MITIGATION
<p><b>COUNTERPARTY CREDIT RISK</b> A counterparty to a financial obligation may default on repayments.</p>	<p>—</p> <ul style="list-style-type: none"> <li>Unintended market exposure</li> <li>Customer detriment</li> </ul>	<ul style="list-style-type: none"> <li>The Group trades only with reputable, creditworthy third parties</li> <li>Receivable balances are reviewed regularly for non-collection and any doubtful balances are provided against</li> <li>Most receivables are paid monthly</li> </ul>
<p><b>LIQUIDITY RISK</b> The Group may be unable to meet financial liabilities as they become due because of a shortfall in cash or other liquid assets or an inability to obtain sufficient additional funding. The Group has strengthened its cash position during the period.</p>	<p>↓</p> <ul style="list-style-type: none"> <li>Reputational damage</li> <li>Potential customer detriment</li> <li>Financial loss</li> <li>Unable to meet obligations as they fall due</li> </ul>	<ul style="list-style-type: none"> <li>Profitable and cash-generative business</li> <li>Active cash flow forecasting and liquidity management ensures availability of funds at short notice</li> <li>The Group maintains a cash surplus above regulatory and working capital requirements</li> </ul>
<p><b>BANK DEFAULT</b> The risk that one of the Group's relationship banks could default.</p>	<p>—</p> <ul style="list-style-type: none"> <li>Financial loss</li> <li>Unable to meet obligations as they fall due</li> </ul>	<ul style="list-style-type: none"> <li>The Group only uses banks with strong credit ratings</li> <li>Banking relationships are reviewed regularly</li> </ul>
<p><b>CONCENTRATION RISK</b> Risk arising from lack of diversification in business activity or geography. The Group has expanded its offering during the period through the acquisition of 50% of 8AM Global Limited.</p>	<p>↓</p> <ul style="list-style-type: none"> <li>Over-reliance on one business activity could lead to financial underperformance</li> </ul>	<ul style="list-style-type: none"> <li>Broad range of business services offered, providing diversified revenue streams and a diverse and growing client base, which has increased during the year as a result of organic growth through new firms</li> <li>Recruitment into the Group's sales functions in the year in order to grow AUM across a broader client base</li> </ul>



## A resilient financial performance in challenging conditions

### Overview

Recent years have presented a number of challenges for businesses and unfortunately this year has been no different. The war in Ukraine, disrupted supply chains, increased costs and the highest inflation we have seen in a generation have all contributed to significant economic uncertainty and volatile markets. Our ability to adapt to these conditions is supported by a resilient business model which has been crucial for us to navigate these challenges and emerge stronger than ever. This year has seen the Group deliver its strongest financial performance to date, including double digit growth in revenue and adjusted operating profits<sup>1</sup>, improving margins and record net inflows, all while maintaining a robust balance sheet and strong liquidity.

This year is the 10 year anniversary of the inception of Tatton Investment Management Limited and six years since Tatton Asset Management plc was publicly listed on AIM. Over this period, the Group has seen significant development, strong organic growth and three strategically aligned acquisitions which have resulted in investment-related income now accounting for 80.2% of our total Group revenue and 96.5% of adjusted operating profit<sup>1</sup>, a trend that is anticipated to continue thanks to our focused strategy and current market trends.

Our revenue since listing on AIM, has achieved a compound annual growth rate of 18.2%, with adjusted operating profit<sup>1</sup> growing even more strongly, achieving a compound growth rate of 24.0%. Margins over the same period have increased by 12.7% in absolute terms, resulting in a Group margin this year of 50.7%.

### Revenue and profits

Revenue – Group reported revenue increased by 10.1% to £32.3m (2022: £29.4m). Tatton revenue increased by 11.1% to £25.9m (2022: £23.3m). While many asset managers have seen redemptions and outflows this year, AUM increased by 12.3% to reach £12.7bn (2022: £11.3bn) and while negative market performance impacted growth by £400m, record net new inflows in the year of £1,794m, or 15.8% of the opening AUM, more than compensated.

Our industry leading growth reflects the strength of the MPS market and the underlying trends that are driving MPS adoption by IFAs. As the leading MPS provider, our focused approach on this market and increased distribution footprint, as we add to the number of IFAs we work with, have enabled us to continue to take advantage of these trends. Complementing this organic growth, this year saw us make a strategic investment in another MPS provider, further expanding our reach into the MPS market. In August 2022, we acquired 50% of the share capital of 8AM Global Limited which contributes AUI of £1.136bn, and when combined with the Group AUM of £12.735bn results in a total AUM/AUI of £13.871bn.

Paradigm's revenue increased by 6.8% to £6.4m (2022: £6.0m). The number of mortgage member firms increased to 1,751 (2022: 1,674) and Paradigm Consulting member firms increased to 431 (2022: 421). Paradigm Consulting maintained its steady performance while Paradigm Mortgages delivered an impressive performance as completions reached a record level of £14.50bn (2022: £13.15bn), an increase of 10.3% on the prior year. There has been a significant degree of uncertainty in the mortgage

#### GROUP REVENUE

# £32.3m

2023

2022

£29.4m

#### ADJUSTED OPERATING PROFIT<sup>1</sup>

# £16.4m

2023

2022

£14.5m

1. Alternative performance measures are detailed in note 23.  
2. Executive Directors' salaries remain unchanged.

market for most of this year, due to rising interest rates, consumer affordability concerns and the removal of a large number of products towards the end of the calendar year following the emergency budget in September 2022. Given this context, the strong performance demonstrates both the agility of the business and its firms, but also the robustness of the business model to continue to grow both the number of firms it works with and increase its market share. The business's other income streams, such as protection premia, continued to grow, further strengthening the division's overall performance.

**Profit** – The Group delivered adjusted operating profit<sup>1</sup> of £16.4m (2022: £14.5m), an increase of 12.9%. Adjusted operating profit margin<sup>1</sup> increased to 50.7% (2022: 49.5%). This increase in margin can be attributed to a combination of the Group's business model and operational gearing but also the fact that we have successfully navigated an inflationary cost environment while continuing to make cost investments to help drive and support future growth. In line with last year, and as a response to the inflationary environment, the Group has implemented an average 5% annual salary increase, materially ahead of historical levels (excludes Executive Directors<sup>2</sup>). While personnel costs remain at c.60% of the Group's total cost base, we do not anticipate that these increases will be margin dilutive.

Tatton's adjusted operating profit<sup>1</sup> increased by 13.9% to £15.8m (2022: £13.9m) and its adjusted operating profit margin<sup>1</sup> increased to 61.1% (2022: 59.6%). Paradigm's adjusted operating profit<sup>1</sup> remained in line with the prior year at £2.4m, following re-investment in personnel costs to strengthen the team, bringing the margin more in line with historical performance but reducing the margin year on year to 37.6% (2022: 40.6%).

Group operating profit was £16.6m (2022: £11.6m), which includes the cost impact of separately disclosed items of -£0.2m (2022: £2.9m).

## Acquisitions

During the year, the Group acquired 50% of the share capital of 8AM Global Limited. The consideration payable is up to £7.3m, with £3.8m paid on completion through the issuing of shares in TAM plc. The remaining £3.5m is to be paid in two equal instalments, after year one and two following completion, dependent on the business hitting predetermined profitability targets.

On acquisition, the Group recognised goodwill of £5.1m and intangible assets of £2.1m, as well as an associated deferred tax liability of £0.5m and discounted contingent consideration of £2.9m. At the year end, the deferred contingent consideration liability recognised on completion was remeasured to fair value based on the anticipated profitability against the deferred payment profitability target.

It has been determined that the business is unlikely to meet the stretching deferred payment profitability targets, and so the deferred payment liability has been "fair valued" in line with the anticipated payment value. The difference being £1.9m, between the original deferred payment fair value on completion and the fair value at the year end, which has been taken through the profit and loss account and included as a separately disclosed item. The fair value of the deferred contingent consideration relating to the acquisition of the Verbatim funds in September 2021 has also been reduced by £0.7m.

## Separately disclosed items

Separately disclosed items totalling £0.208m include the cost of share-based payments of £1.511m, amortisation of acquisition-related intangible assets of £0.534m and £0.398m of acquisition-related fees, see note 6. These costs have been offset by a credit of £2.651m relating to the fair value adjustment of contingent consideration payments.

Although some of these items may recur from one period to the next, operating profit has been adjusted for these items 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 reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

## Earnings per share

Basic earnings per share increased to 22.43p (2022: 15.92p). Adjusted earnings per share<sup>1</sup> increased by 9.3% to 21.72p (2022: 19.87p) and adjusted fully diluted earnings per share<sup>1</sup> increased by 10.7% to 20.61p (2022: 18.62p), full details are shown in note 9.

## Statement of financial position and cash

The Group's balance sheet remains strong as net assets increased 34.6% to £41.8m (2022: £31.0m), with cash on the balance sheet contributing £26.5m (2022: £21.7m). Return on capital employed was 36.7% (2022: 43.0%). The Group has issued shares valued at £2.8m in relation to acquisitions and paid £7.7m in dividends during the year. Our financial resources are kept under continual review, incorporating comprehensive stress and scenario testing which is formally reviewed and agreed at least annually.

	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
<b>TOTAL SHAREHOLDER FUNDS</b>	<b>41,781</b>	31,044
LESS: FORESEEABLE DIVIDEND	(6,000)	(5,100)
LESS: NON-QUALIFYING ASSETS	(20,972)	(14,225)
<b>TOTAL QUALIFYING CAPITAL RESOURCES</b>	<b>14,809</b>	11,719
LESS CAPITAL REQUIREMENT	(4,400)	(4,100)
<b>SURPLUS CAPITAL</b>	<b>10,409</b>	7,619
% CAPITAL RESOURCE REQUIREMENT HELD	<b>337%</b>	286%

In January 2022, the Investment Firms Prudential Regime ("IFPR") came into effect focusing prudential requirements on the potential harm the firm can pose to consumers and markets, whilst introducing a basic liquidity requirement for all investment firms. Over the year, the Group has maintained a healthy surplus over our regulatory capital resource requirement and maintained very strong liquidity.

## Dividends

The Board is recommending a final dividend of 10.0p. When added to the interim dividend of 4.5p, this gives a full year dividend of 14.5p (2022: 12.5p), an increase of 16.0% on the prior year. This proposed dividend reflects both our cash performance in the period and our underlying confidence in our business, and maintains our policy of paying a dividend approximately 70% of the adjusted earnings and split on a one third two third basis between the interim period and year end. If approved at the Annual General Meeting, the final dividend will be paid on 15 August 2023 to shareholders on the register on 7 July 2023.

## Risk management

Risk is managed closely and is spread across our businesses and managed to individual materiality. Our key risks have been referenced primarily on pages 32 and 33. We choose key performance indicators that reflect our strategic priorities of investment, growth and profit, and these are detailed on pages 28 and 29.

The Strategic Report found on pages 1 to 51 has been approved and authorised for issue by the Board of Directors and signed on their behalf on 12 June 2023 by:

**PAUL EDWARDS**  
CHIEF FINANCIAL OFFICER

# Aligning values and investments: Our ESG Strategy in action

## Corporate responsibility overview

At Tatton Asset Management plc, we are committed to providing the highest quality discretionary investment management and best-in-class IFA support services, while taking responsibility for the impact that our strategy can have on Environmental, Social and Governance (“ESG”) factors. We believe that the corporate responsibility of these factors is integral to our business and essential to our long-term success, and as such are dedicated in conducting our business in a responsible and sustainable manner that benefits all stakeholders, including our clients, employees, communities, and the environment.

## Sustainability pillars: highlights and priorities



### ENVIRONMENTAL

#### 2023 HIGHLIGHTS

- Continued to ensure our IT and recycling policies are appropriate
- Continued to make use of the “cycle to work” scheme
- Preparing for our environmental impact reporting next year, as determined by the Task Force on Climate-Related Financial Disclosures (“TCFD”)

#### PRIORITIES

- Monitoring and reporting on climate change impact, energy consumption and energy efficiency, working towards compliance with TCFD

▶▶▶ Read more on page 43



### SOCIAL

#### 2023 HIGHLIGHTS

- Employee engagement through staff days
- Diversity and inclusion reporting
- Training and development
- Employee “winter support” payment
- Rolled out a leadership development programme to all people leaders to foster a high performance culture
- All staff are able to use a paid volunteering day
- Matched funding for charitable fundraising

#### PRIORITIES

- Extending employee communication around wellbeing, diversity and engagement
- Reporting on equal opportunity and equal pay
- Provide more staff training to support employee learning and development
- Further encourage our employees to understand social responsibility and the role they can play

▶▶▶ Read more on page 44



### GOVERNANCE

#### 2023 HIGHLIGHTS

- Continued adoption of the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”)
- ESG Working Group
- Regular internal training on cyber and data security

#### PRIORITIES

- The Board is committed to continually evolving its governance frameworks to match the developments in reporting requirements and industry best practice, the requirements of our stakeholders and the increasing complexity of a growing company

▶▶▶ Read more below on page 38



**We believe that by integrating corporate responsibility into our business strategy, we can create long-term value for our clients, employees, shareholders and communities.”**

### Our corporate responsibility philosophy

We believe that it's important to have clear ESG beliefs and principles that guide our Board of Directors, employees, and stakeholders in their actions and decision making as well as incorporating these into our investment approach for the benefit of all clients. Our guiding ESG principles are as follows:

- 1** Ethical and Transparent Business Practices: We believe in conducting our business with integrity, honesty, and transparency. We adhere to the highest ethical standards and comply with all relevant laws and regulations.
- 2** Engaging with Stakeholders: We are committed to engaging with our stakeholders, including IFAs, their clients, employees, shareholders, suppliers, regulators, and communities, to understand their needs and concerns. We seek to build long-term relationships based on trust, respect, and collaboration.
- 3** Employee Wellbeing and Development: Our employees are our most valuable asset. We strive to create a workplace that is safe, inclusive, and supportive. We invest in our employees' development and provide opportunities for career growth and advancement.
- 4** Environmental Stewardship: We recognise our responsibility to protect the environment and minimise our impact on natural resources. We aim to reduce our carbon footprint, conserve energy and water, and promote sustainable practices throughout our operations.
- 5** Community Engagement: We are committed to making a positive impact in the communities where we operate. We aim to support local organisations and initiatives to help address social challenges.

We believe that by integrating corporate responsibility into our business strategy, we can create long-term value for our clients, employees, shareholders and communities. We are proud of the progress we have made in advancing our corporate responsibility goals, and we remain committed to continuous improvement.



## Q&A

**WITH CHRIS POIL**  
ESG COMMITTEE CHAIR  
SENIOR INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

### 1. What does ESG mean for Tatton?

Tatton Asset Management plc is committed to promoting responsible and sustainable practices throughout its business to reduce its environmental impact while supporting its employees, promoting diversity and inclusion, and engaging with our local communities to help address social challenges. We keenly engage with our employees on ESG matters and provide focused feedback and engagement through staff days and newsletters. We adhere to high standards of corporate governance and transparency in all our operations, maintaining ethical business practices and ensuring that our investments are aligned with our clients' values.

### 2. How does Tatton make a positive difference?

By incorporating ESG considerations into our business practices and investment decisions, TAM plc is striving to make a positive difference in promoting sustainability, social responsibility and good governance. An example of this is our involvement in the Women in Finance Charter, which is reported on page 47. We have further embedded flexible working into our work practices and continue to roll out training and development opportunities for all employees. We believe incorporating ESG considerations into our investment process is critical to delivering sustainable long-term returns for our clients. Our aim is to invest in the "best-in-breed" ethical funds that have standards similar to those we aspire to for our portfolios and can also deliver attractive performance to investors.

### 3. Looking back at the year, what was the biggest achievement?

The Group has continued to perform very strongly in difficult markets, delivering record net inflows, and at the same time we have tried to develop our social responsibility agenda. We have supported, for the first time, a national charity, as well as charities in our local communities. Employees have engaged in charitable work, raising money which has been matched by the Company, for many different important causes. We have also introduced a paid volunteering day for all staff.

### 4. With increasing concerns around "greenwashing", were there any challenges?

Greenwashing is a practice where companies make false or exaggerated claims about their environmental practices or the sustainability of their products or services. It is a growing concern as consumers and investors become more conscious of environmental issues and seek out companies that are genuinely committed to sustainability.

One of the main challenges of greenwashing is the lack of standardised definitions and metrics for sustainability. There are also currently no uniform standards for ESG reporting or labelling, which means that companies can make unsubstantiated claims without facing any consequences. The challenges of greenwashing highlight the importance of transparency, accountability, and independent verification in ESG reporting and labelling.

Ethical portfolios can be built by simply avoiding firms or funds that are active in the sale of arms, or the production of fossil fuels, for example. This is known as negative screening. The flip side of this approach is positive screening, which seeks investments that set out to make a difference, for example, renewable energy or technology infrastructure. A combination of avoiding sectors with poor ethics and supporting those that make positive contributions to the environment and socially responsible practices, ensures that investors' money is being used to only support businesses that are aligned with their outlook for the future.

**Governance of our ESG Strategy**

The TAM Board provides oversight of our business conduct, strategy development and the embedding of our ESG principles and beliefs into the culture of the Group. Our ESG Working Group coordinates addressing ESG priorities and activities, and reports into the Board.



**ESG Working Group**



**CHRIS POIL**  
Senior Independent  
Non-Executive Director



**PAUL EDWARDS**  
Chief Financial Officer



**JUSTINE RANDALL**  
Sales Director, Tatton



**CLAIRE MACNEILL**  
Secretary to the Board



**LOUISE COLEMAN**  
Head of Finance



**RICHARD GOPPY**  
Director of Membership, Paradigm





### Governance

TAM plc understands the importance of good governance and strives to apply the best practices in its operations. In this regard, the Company has implemented the principles of the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”), to the extent that it can be applied practically. The QCA Code is designed around 10 fundamental principles, each accompanied by an explanation of what it means and a set of disclosure requirements. These principles provide a robust framework for ensuring that the Company is run effectively, transparently, and in the best interests of its stakeholders. Our compliance with these principles and the relevant disclosure requirements can be found on page 55 of this report and on the Group’s website. The Company is committed to maintaining the highest standards of corporate governance, and the principles of the QCA Code will continue to guide its practices in the future.

### Regulation and financial crime

The Company is committed to maintaining the highest standards of compliance with all relevant legal and regulatory requirements. The Group recognises the importance of ethical behaviour and integrity in maintaining its reputation and the trust of its clients and stakeholders. To this end, the Company operates comprehensive anti-bribery policies that extend across the Group and are designed to ensure that its operations are free from bribery and corruption. Tatton Asset Management plc also has a whistleblowing policy in place that encourages employees to report any matters of significant concern to the Chair of the Audit and Risk Committee. These policies are regularly reviewed and updated, and all staff are required to complete mandatory training to ensure they understand their obligations and responsibilities. The Compliance team and other Committees have policies in place to prevent and detect financial crime, including money laundering, bribery, and corruption, and to meet any obligations arising from regulatory change. The Company is committed to ensuring that its operations are conducted in a responsible and ethical manner, and that it meets its obligations to all stakeholders, clients, and regulatory bodies.

### Tax strategy

The Group’s tax strategy is founded on a commitment of full compliance with all relevant tax legislation and regulations, along with high standards of governance and transparency. Our approach is based on a low appetite for tax risk, and we do not engage in aggressive tax planning or condone abusive tax practices that would be inconsistent with our ethics and culture. We pay all tax liabilities promptly and believe in maintaining a professional working relationship with HMRC and other tax authorities, built on transparency and open communication.

### Cyber and data security

We place a high priority on information security, including cyber security and data protection, to safeguard against external dangers and insider threats. The Company’s cyber security strategy is centred around the identification, protection, detection, analysis, and response to known or emerging cyber threats, as well as effective risk management and resilience in the event of cyber incidents. The Group’s cyber security programme is built around the National Institute of Standards and Technology (“NIST”) cyber security framework and includes ongoing training for employees to recognise and respond to information and cyber security risks, as well as procedures to prevent, identify and escalate cyber security concerns.

### Political donations

The Group has a policy of not making political donations, but makes allowances and resolutions at its AGM in case a donation is made inadvertently.

### Tatton's approach to ESG investing

Tatton is a business built on the foundation of a close relationship with and deep understanding of adviser needs, and we were an innovator in the world of ESG investing when we launched our first Tatton Ethical portfolio in 2014. The decision to expand our service into ethical investing was in response to a growing opportunity and increased demand for solutions in the space and in the nearly 10 years since the world of ESG investing has expanded in an unprecedented manner.

The landscape is now densely populated with a broad range of ethically themed funds, discretionary offerings and sustainably themed solutions. Tatton is able to differentiate in this space through our near decade of relevant experience in running our Ethical portfolios and track record of past performance, and our ongoing adviser feedback reiterates the importance of our transparent approach to fund selection, competitive pricing and risk profile alignment. We believe it is this combination of approaches that has led to our continued growth in ethical assets under management – now at over £1bn of clients' assets.

As a thought leader and pioneer of ESG investing, we recognise the challenges the sector now faces and remain committed to our mantra to listen to adviser feedback as

to what clients want and need to see in their ethical solutions. Our fund selection approach of positive and negative screening complements the consistency in approach across Tatton's full range – the application of our proprietary research and due diligence combined with screening based on robust processes and investment performance.

Tatton has welcomed the increased availability of data and industry comparison tools to support our research, screening and comparison of offerings in the ethical investing space – we recognise the importance of attention to detail and we concentrate on a combination of quantitative and qualitative factors in completing our research and ongoing due diligence for the ethical offering.

Our own manager selection and ongoing monitoring, face to face manager engagement and comparison process align well with our continued adoption of external sources, such as Morningstar Direct and Sustainalytics, to validate and challenge our in-house thinking. The combination of research and data gathered supports our investment decisions and enables our team to develop a thorough understanding of the culture, motivation and long-term goals of the firms and teams that we choose to invest in, so we can make decisions with conviction and continue to review our offering on an ongoing basis.

### Tatton's Ethical Portfolios

AUM (£M)

£1,027m

2023

2022

£812m

NET FLOWS (£M)

£259m

2023

2022

£360m

NUMBER OF CLIENT ACCOUNTS

11,787

2023

2022

8,760

% OF OVERALL AUM

8.1%

2023

2022

7.2%

### Tatton’s ethical investment process

The role of the investment team at Tatton is to bring the E, S and G to life and achieve the balance of purpose and profits at the same time in providing easily understood selection criteria and investment rationale for advisers and clients alike. Some of the criteria that the investment team consider are shown in the diagrams opposite.

Tatton was a first mover in the ethical investing space, launching our first Tatton Ethical Model in 2014 (Tatton Ethical Balanced) in response to adviser demand following client planning conversations. The range was extended to include all risk profiles in 2018 and further input sought from clients as to the mix of investments they would prefer to see both in scope and out of scope via screening for the Tatton Ethical range as it was expanded. This led to the creation of the Tatton positive and negative screening approach – see page 42.

### Ongoing monitoring to ensure funds selected continue to meet our ethical standards

In order to ensure that these portfolios remain aligned to our screening criteria and high level ethical objectives for E, S and G, we regularly assess the holdings within the underlying funds. We look at this at both a high level portfolio exposure to particular industries and also at an individual security level to ensure there are no unethical holdings at any weights in the portfolios.

In addition, as part of our fund research process, we look for funds that use third party providers to screen their funds (usually implemented by a compliance function). If we see changes in overall exposures, or see securities which we may want to investigate, then we have direct contact with the fund managers to receive explanations and data on the rationale for any positions and further decisions are made based on this more substantial mix of data.

### Research Tools



### Challenging companies to identify and manage Environmental, Social and Governance risks and opportunities to shape their long-term future direction



**Honestly ethical:  
The Tatton screening approach**

The dedicated Tatton Ethical Investment Committee regularly meets to review the portfolio construction and to consider the mix of investments in line with our engagement led approach. We use a combination of quantitative and qualitative information via our research tools of Morningstar, Bloomberg and Sustainalytics to help us make informed decisions as to which companies should be included and which should be excluded.

This transparent approach is favoured by our advisers and they appreciate the ease with which they can explain the ethical screening approach to clients.

While we expect the range of Ethical portfolios to have limited exposure to these industries, it is possible that some funds will take different views on ESG than others and it is possible, therefore, that some controversial companies may be in the portfolio but we would expect the fund managers to be able to robustly defend their inclusion within the framework of their investment process.

The outcome:

- Screen all funds for the negative screens with the aim to limit exposure
- Exclude Government bonds
- A more global asset allocation to increase the possible universe for investing



## Positive screening

Favouring companies displaying consideration for:



Water and sanitation management



Lower carbon fuel use and natural resource conservation




Responsible packaging and recycling



Respect for supply chain, working conditions and human rights




Diversity and equality in staff, strong business ethics and a high regard for employee health, safety and wellbeing




## Negative screening


Using data to limit exposure to products or services we aim to keep to a minimum in the Ethical portfolios




Alcohol




Animal testing (for cosmetic purposes)




Armaments




Environmental damage



Gambling



Pornography



Tobacco

## ESG environment

As a responsible financial services business, we are committed to minimising our environmental footprint. Our main environmental impacts are largely through UK-based travel and the consumption of resources and emissions at our business premises. We primarily communicate internally and with external stakeholders through digital channels where possible, which has enabled us to reduce paper waste, whilst ensuring secure communication and information storage.

We strive to manage and reduce our environmental impact and carbon footprint through the efficient use of resources and reducing waste where possible. We have implemented a recycling programme for our confidential waste, which ensures that 100% of it is recycled and used to plant new trees in National Trust properties in the UK. We have also invested in more efficient IT equipment, and we ensure that any redundant IT equipment is properly destroyed and recycled for both data protection and environmental reasons.

With a relatively small number of employees in three UK offices, the Company has reduced UK travel through the use of video conferencing and the continued implementation of hybrid working, as our employees can work from home, thus reducing the need for UK-based travel. Tatton Asset Management plc acknowledges that there is still progress to be made in reducing its carbon emissions and is working towards compliance with TCFD requirements, with our first required year of reporting being the financial year ending 31 March 2024. The Company aims to develop targets, monitor key metrics, and report greenhouse gas ("GHG") emissions over the next year.

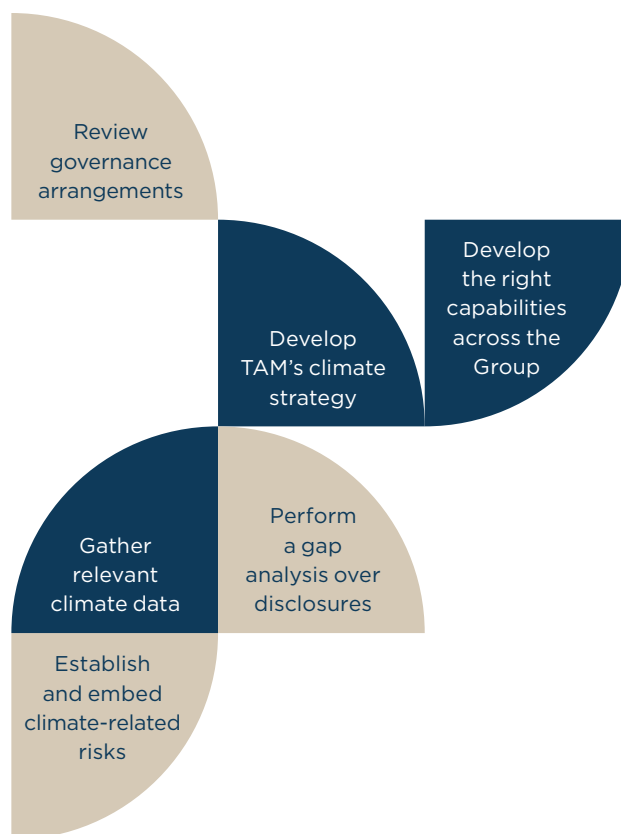
Over the next financial year, we are planning to set up a small committee to look at how climate-related risks and opportunities impact TAM plc's businesses, covering the following areas:

- Our governance around climate-related risks and opportunities.
- The impact on the organisation's businesses, strategy, and financial planning, where such information is material.
- How our organisation identifies, assesses, and manages climate-related risks.

- Agree the metrics and targets used to assess and manage relevant climate-related risks and opportunities, again where such information is material.

## TAM's TCFD roadmap

As the Group prepares to comply with TCFD and make TCFD-aligned disclosures in its 2024 Annual Report, it will take the following key steps. These steps will ensure that the Company has the appropriate governance structure for climate-related risks and opportunities and will be able to identify the right metrics to assess and manage these impacts.



## TCFD recommendations

There are 11 recommendations of TCFD, which are structured around the following four key themes.

### Governance

Board and management oversight of climate-related risks and opportunities.

### Strategy

Identification of climate-related risks and opportunities and their impact.

### Risk management

Identification, assessment and management of climate-related risks.

### Metrics and targets

Alignment with the Group's strategy and risk management processes, and disclosure of relevant metrics and targets that are used to assess and manage climate-related risks and opportunities.



## Our people and culture

**Our people are our greatest asset in achieving our Group's strategy and to continue to provide excellent service and support to IFAs. We recognise that our success depends on attracting and retaining the best talent and creating an environment where everyone feels valued, supported, and empowered to reach their full potential.**

We are proud of our diverse workforce and recognise the importance of creating an inclusive culture where everyone feels respected. We strive to create an environment where individuals can bring their whole selves to work, and where diversity of thought and perspective is encouraged and valued. We believe that this diversity of thinking enables us to make better decisions and drive better outcomes for all stakeholders. We also recognise the importance of work-life balance, and we offer flexible working arrangements to help our people balance their work and personal commitments.

The business remains small, with currently just over 100 employees, which allows the Directors to communicate with employees informally throughout the year but also through annual conferences and general meetings. In addition, there are appropriate procedures in place to ensure employees are able to raise issues through our grievance and harassment policies and whistleblowing policy, which encourages employees to report matters of significant concern to their line manager, Compliance Manager, the Board or the Chair of the Audit and Risk Committee.

Since carrying out an anonymous employee survey in the prior year, that saw strong employee engagement which reflected many of the positive aspects of the culture at TAM, it also highlighted areas of improvement such as increasing the level of relevant communication to employees and developing more specific training for individuals. Over the past year, the Group has continued to address and improve these areas by introducing additional staff communication through regular newsletters, staff days and more direct communication throughout the year.

### Training

We believe in nurturing the talent of our employees and supporting them in their professional development. We encourage employees to progress their careers, at TAM plc we offer various opportunities for employees to develop, including through internal training, apprenticeship schemes, and professional qualifications.

As a Group, we prioritise the training and development of our employees and we support them both financially and with time to help them achieve their goals. This includes meeting the Continuing Professional Development ("CPD") targets set by our regulators to ensure that our investment managers have the technical and supervision skills necessary to maintain the highest standards of client service.

In the last two years, 18 employees throughout the Group are progressing towards or have achieved professional qualifications such as the Chartered Financial Analyst ("CFA"), CFA Ethical Investment Certificate, Investment Operations Certificate ("IOC"), Diploma for Financial Advisers ("DipFA"), and Association of Chartered Certified Accountants ("ACCA").

In response to employee feedback, we understand that our employees' training needs are unique and have therefore worked with team managers to identify additional training requirements and have implemented a Leadership Development Programme for selected employees, as well as enrolling staff in a range of training courses including Discretionary Investment Management, Long Term Care, and the Diploma for Financial Advisers, to support them in both their professional role and personal development. We also offer our employees access to online training courses from Learning Management Software ("LMS"). The courses include topics such as Leadership, Coaching, Communication Skills, Money Laundering, Data Protection and Customer Service.

In addition to training and development opportunities, we also encourage employees to take a long-term view of the business. We offer share-based incentives through both an Enterprise Management Incentive ("EMI") share option scheme for eligible employees and a Save As You Earn ("SAYE") share option scheme open to all employees. By doing so, we promote a culture of ownership, where employees feel a sense of pride and engagement in the success of the business.





### Mental health and wellbeing

At TAM plc, we believe in prioritising the wellbeing of our employees. We have made available to all employees an enhanced range of health support services as part of their employee benefits. These services include remote GP access, a 24/7 helpline for emotional and practical support, plus guidance on financial or legal concerns, unlimited mental health counselling, physiotherapy, medical second opinions as well as 1-2-1 lifestyle coaching sessions. We believe that these services will significantly benefit our staff and their families, and will continue to provide them with valuable resources to support their physical and mental health.

We have also continued to operate a hybrid working model where we offer flexible working for our employees, offering a mixture of working at home and working in the office in a way that meets the needs of the business and of our people.

Furthermore, acknowledging the financial challenges brought about by the escalating cost of living and the recent energy crisis, which has affected many of our employees, the Group has provided a one-time payment of £1,000 to all employees as a “winter support” measure. This payment recognises the difficulties that our employees have encountered and their hard work and dedication during these challenging times.

### Suppliers

The Group takes seriously its responsibility to combat modern slavery and has a strict zero-tolerance approach to slavery and human trafficking within its operations and supply chain. As a UK-based provider of financial services, the Company does not engage in the production, manufacturing, or selling of physical goods, and the supply chain is not complex or extensive.

The primary suppliers of TAM plc provide support services such as information technology, market data, and property services. The Company assesses these suppliers to be at a relatively low risk of engaging in modern slavery or human trafficking practices. However, Tatton Asset Management remains committed to ensuring that such practices do not occur in any part of its business or supply chain. The Company has implemented robust policies and procedures to identify and mitigate any potential risks of modern slavery or human trafficking, and regularly reviews and updates these measures.

### Charitable giving and engagement with the wider community

Over the last year, the Group has continued its commitment to giving back to the community, having contributed over £30,000 to charitable causes within the financial year ending March 2023. After listening to its employees’ voices and, in response to the employee engagement survey, the Group selected Macmillan Cancer Research as its named charity for 2023. This is the first year that the Group has implemented this programme, and we are excited about the positive impact it will have.

Furthermore, TAM plc recognises that there are other ways of supporting the local communities in which we work, and we encourage our staff to give something back through charitable and voluntary activities. All staff are encouraged to take part in “A Day to Make a Difference”, where they use paid time off work to engage in a local volunteering day. The Group has also implemented a matched fundraising programme, recognising the efforts that our employees make in supporting their local communities and other charities.

We are proud of our employees who have actively contributed to the community in many ways. In December 2022, both the Paradigm Membership, Mortgage Services and Protect teams helped in their local community. The Paradigm Membership team spent the day with Cash for Kids’ Mission Christmas initiative, helping to sort donated toys into age-appropriate categories, pricing up items and making up donation gift boxes to be collected. The Mortgage and Protect teams spent the day at their local Foodbank, as part of the Trussell Trust Community, preparing food parcels for those in need. This was also the fifth year that the Group has participated in the Trussell Trust’s Reverse Advent Calendar, with the Group matching all donations by 100%.

Finally, we express our gratitude to individuals across the Group who have helped raise funds for their given charities – from hosting a Macmillan Coffee Morning to completing the London Marathon for Haven’s Hospices. These actions demonstrate our commitment to making a positive impact in our community, and we look forward to more opportunities to give back in the future.

#### VALUE OF CONTRIBUTIONS MADE TO CHARITABLE CAUSES

£30,000+

## Diversity and inclusion

Tatton Asset Management plc is committed to fostering a diverse and inclusive culture across the organisation, supporting employees, customers, and suppliers, regardless of their background. We recognise the importance of promoting diversity and inclusion across our organisation and believe that a diverse workforce brings a variety of perspectives and ideas that enhance our ability to provide innovative solutions to our clients. To ensure that we attract, develop, and retain a diverse workforce, we are committed to creating a workplace culture that is inclusive and welcoming to all. Our diversity and inclusion policy reflects our commitment to providing a work environment that respects the dignity and worth of all individuals.

Our efforts to promote diversity and inclusion are ongoing, and we recognise that there is always more that we can do. We have been working with our business partner DWF LLP to create a framework for ESG Responsibility Training. The three main pillars of this training are the environmental imperatives, the social agenda, and ethical governance. This training will initially be undertaken by the TAM plc Board, before being made more widely available across the Group.

In addition, we are actively involved in industry initiatives aimed at promoting diversity and inclusion in the financial services sector. As a member of The Diversity & Inclusivity Finance Forum, we are part of a network of industry peers that are working to create a more balanced and fair mortgage industry. We believe that by working together with other organisations such as this, we can create a more diverse and inclusive financial services sector that better reflects the communities that we serve.

We also maintain our commitment as a signatory of the Women in Finance Charter (“WiFC”). Justine Randall, our Women in Finance Ambassador, has been working with key representatives including Amanda Blanc, Aviva CEO and key sponsor and chair of WiFC, to raise awareness of the key commitments of the Charter.

### Gender pay gap

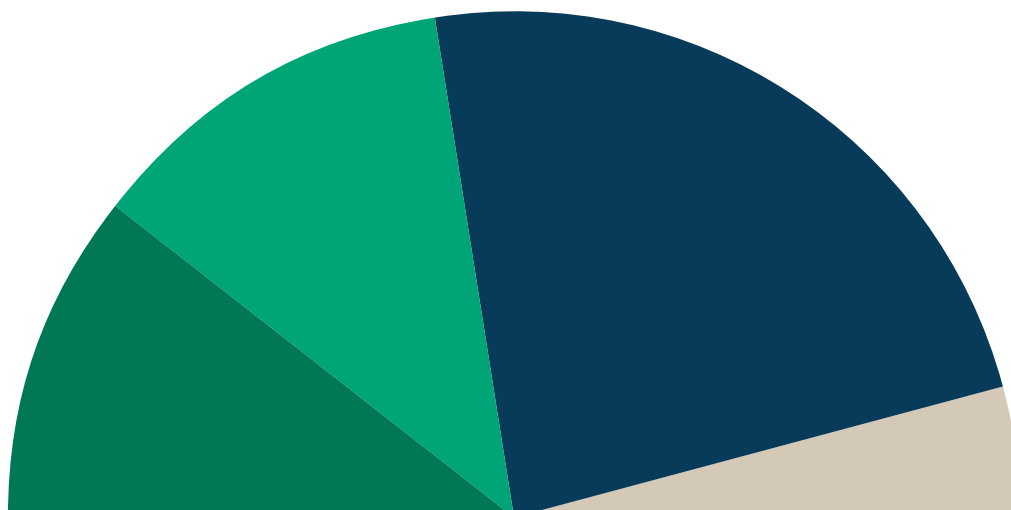
The Group recognises that women have historically been underrepresented in the investment management industry, with financial services having the largest gender pay gap. While the Group’s statistics reflect this trend, they continue to improve. As of March 2023, the Group had a total of 103 permanent employees, with 40 women making up 39% of the workforce (up from 34% in 2022).

Although the Group is not required to publish its gender pay gap report due to its employee numbers, it has conducted an analysis of its gender pay gap, which has been reviewed by the Board and Remuneration Committee. The Group seeks to create an inclusive company culture with a diverse workforce, and formal monitoring of progress is now performed through gender pay gap reporting, which provides transparency and highlights areas for improvement.

In all cases where there are men and women who perform the same role, they are paid equally. The mean hourly pay gap in 2023 was 46% (2022: 44%), and the median hourly pay gap was 35% (2022: 37%). These differences reflect the profile of the workforce, where there are more men in senior roles than women. The Group is committed to addressing any areas that need to be improved to narrow the gender pay gap and create a more diverse and inclusive workplace.

### AGE BREAKDOWN WITHIN TAM

18–30 yrs 21%  
 31–45 yrs 24%  
 46–60 yrs 46%  
 60+ yrs 8%







## Women in Finance Charter

**As part of our ongoing commitment to delivering an ESG focused approach across the business, Tatton Asset Management was delighted to subscribe to the Women in Finance Charter as part of our ongoing commitment to gender diversity and talent recognition across the Group.**

Our Women in Finance senior team led by Paul Edwards, Chief Financial Officer, who is the nominated Board member responsible for gender diversity inclusion, supported by key members of the senior team - Justine Randall, Sales Director, and Lesley Watt, Non-Executive Director, have actively engaged with the varied initiatives led by HM Treasury in support of this growing charter.

As the Women in Finance Charter is led by HM Treasury and is supported by over 200 financial services companies across the UK, the signatory firms have created a cohesive culture in attending events, sharing best practice and developing initiatives to work as one across businesses to see improvements in gender balance at all role levels in financial services firms. In our first full year as a signatory, we have attended events both in person and remotely, heard from industry recognised advocates of the WiFC initiative, such as Amanda Blanc, and brought ideas and cultural suggestions back to the Tatton Asset Management business.

The Women in Finance Charter signatories pledge to promote gender diversity through adherence to **four key principles:**

- Having one member of our senior executive team who is responsible and accountable for gender diversity and inclusion
- Setting internal targets for gender diversity in our senior management
- Publishing progress annually against these targets in reports on our website
- Having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity

In February 2022, when the Group took the decision to join the charter, we undertook analysis of our percentage of females in senior roles (including both our Group Board and senior management team members), and our percentage representation at that time was 35%. The charter signatories commit to reviewing this over time and setting clear targets for the future representation. TAM is committed to monitoring this representation closely over time with a view to maintaining the level of females in these categories at at least 30-35% over the year to February 2023. We successfully achieved this target and will continue to monitor this over the next 12 month period into 2024.



### FEMALES IN SENIOR ROLES

# 36%

(up from 35% last year and above the average of WiFC signatories of 35%)

### DATE OF SIGNING OF WIFC CHARTER

# FEB 22

### KEY PERSONNEL SPONSORING

PAUL EDWARDS

LESLEY WATT

JUSTINE RANDALL



## Engaging with our stakeholders

Engaging with our stakeholders is crucial for delivering long-term value, and therefore we are dedicated in fostering strong relationships with all stakeholders. We recognise that stakeholder engagement is a continuous and collaborative process, and we remain committed to connecting with our stakeholders at all levels of the business, both internally and externally. We understand that meaningful stakeholder engagement requires regular reporting and, when necessary, escalating matters to our Board, and we are always looking for ways to enhance our engagement efforts to better serve our stakeholders.



### FIRMS AND CLIENTS

Our business model centres around IFAs and their clients, and our success is based on understanding their evolving needs. We succeed by comprehending their needs, and proactively anticipating future requirements, keeping our offerings competitive, relevant, and poised for growth.

#### Their material issues

- Quality of service
- Performance of our funds and portfolios
- Fair pricing
- Range of products
- Transparency

#### How we engage

- Meetings with existing and potential firms to develop a clear view of client objectives and how these are likely to change over time
- Adviser portal, where IFAs can see details of their clients' investments over multiple platforms
- Virtual events, including partner forums, roadshows and continuing professional development ("CPD") events

#### Outcomes and key decisions

- In August 2022, we acquired 50% of the share capital of 8AM Global Limited, extending our model portfolio service range to further meet client needs
- Tatton and Paradigm ran multiple virtual and live events and frequent video investment updates. Paradigm held 73 events during the year, attracting 4,310 attendees in total



### SHAREHOLDERS

The Group's strategic objectives and business growth depend on the support and engagement of shareholders. Our shareholder base is aligned with the long-term strategy we take in the management of our business.

#### Their material issues

- Long-term sustainable business which delivers attractive returns through maintaining a progressive dividend policy
- High standards of governance
- Compelling business model and growth prospects

#### How we engage

- Regular meetings are held with our investors throughout the year
- Results presentations for the full year and half year are held both virtually and in person
- We provide the latest company announcements, financial reports and additional investor information on our website

#### Outcomes and key decisions

- Delivered against our dividend policy with a total full year dividend of 14.5p, an increase of 16.0% (2022: 12.5p)
- Adjusted operating profit<sup>1</sup> of £16.402m, an increase of 12.9% (2022: £14.526m)
- The results presentations with shareholders will continue to be carried out both virtually and in person

1. Alternative performance measures are detailed in note 23.



### PEOPLE

Our people are central in achieving the Group's strategy. We recognise that our success depends on retaining and attracting the best talent and creating an environment where everyone feels valued.

#### Their material issues

- Having opportunities for learning, growth and further development
- Being fairly rewarded for their contributions
- Making a difference for our customers

#### How we engage

- Company-wide communications through business newsletters and via email
- Staff days to reward and recognise performance
- Presentations by the Board to discuss the business' performance and the Company's strategic plans
- Employee surveys
- Regular management briefings

#### Outcomes and key decisions

- Provided a one-time payment of £1,000 to all employees as a "winter support" payment in response to the recent energy crisis and escalating cost of living
- We made available enhanced access to a range of health support services for all employees
- Further extension of the Enterprise Management Incentive ("EMI") and Sharesave schemes

**We continue to focus on listening to and understanding stakeholder needs. We regularly invest time and resources in investor and wider market communication, and provide support and reassurance to our IFAs and their clients.”**

**PAUL EDWARDS**  
CHIEF FINANCIAL OFFICER



### SOCIETY

**We acknowledge our responsibility to society and other stakeholders and firmly believe that upholding high standards of corporate responsibility is imperative.**

#### Their material issues

- Managing our business in an environmentally conscious way and contributing to societal welfare is in the interest of the wider community
- Society has an interest in how we manage our clients’ assets and ensure good stewardship over our investments

#### How we engage

- We aim for high standards of governance across the Group. Our careful selection process for Tatton’s Ethical portfolios prioritises funds that actively engage with company managers on ESG issues
- All staff are encouraged to engage in a local volunteering day to support local communities

#### Outcomes and key decisions

- Continued improvement and adoption of corporate governance guidelines
- Contributed over £30,000 to charitable causes within the financial year
- The Paradigm Membership team spent a day with Cash for Kids’ Mission Christmas initiative, helping to sort donated children’s gifts
- Growth in our Ethical portfolios



### EXTERNAL SERVICE PROVIDERS

**Engaging with our external service providers is critical to ensuring the effective distribution of our products. Our providers include our distribution partners (platforms, IFAs, fund managers) and our suppliers.**

#### Their material issues

- Clear communications
- Trusted partnerships
- Strong governance

#### How we engage

- Regular service reviews
- Annual due diligence reviews
- Collaborative engagement
- The Board is briefed on service provider feedback and issues on a regular basis

#### Outcomes and key decisions

- We continue to focus on key areas with our suppliers that will enhance our client propositions and drive innovation, efficiency and sustainability
- We maintained ongoing relationships with our key external service providers during the year, with updates at Board meetings



### REGULATORS

**Tatton Investment Management Limited is regulated by the Financial Conduct Authority (“FCA”).**

#### Their material issues

- Acting in our customers’ best interests
- Ensuring that the business understands and adopts the principles and rules of the FCA Handbook
- Open and transparent communication
- Demonstrating good conduct

#### How we engage

- Direct communication through our compliance senior manager function holder
- We always engage in an open and co-operative manner







#### Outcomes and key decisions

- Engaged with the FCA to ensure a clear understanding of the new consumer duty regulations
- Surplus regulatory capital was maintained throughout the year
- The Board and Audit and Risk Committee received and reviewed regular compliance reports

# Navigating the future: Positioned for success

## Section 172 statement

Section 172 of the Companies Act 2006 requires the Directors to consider how best to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors must have regard, amongst other matters, to:

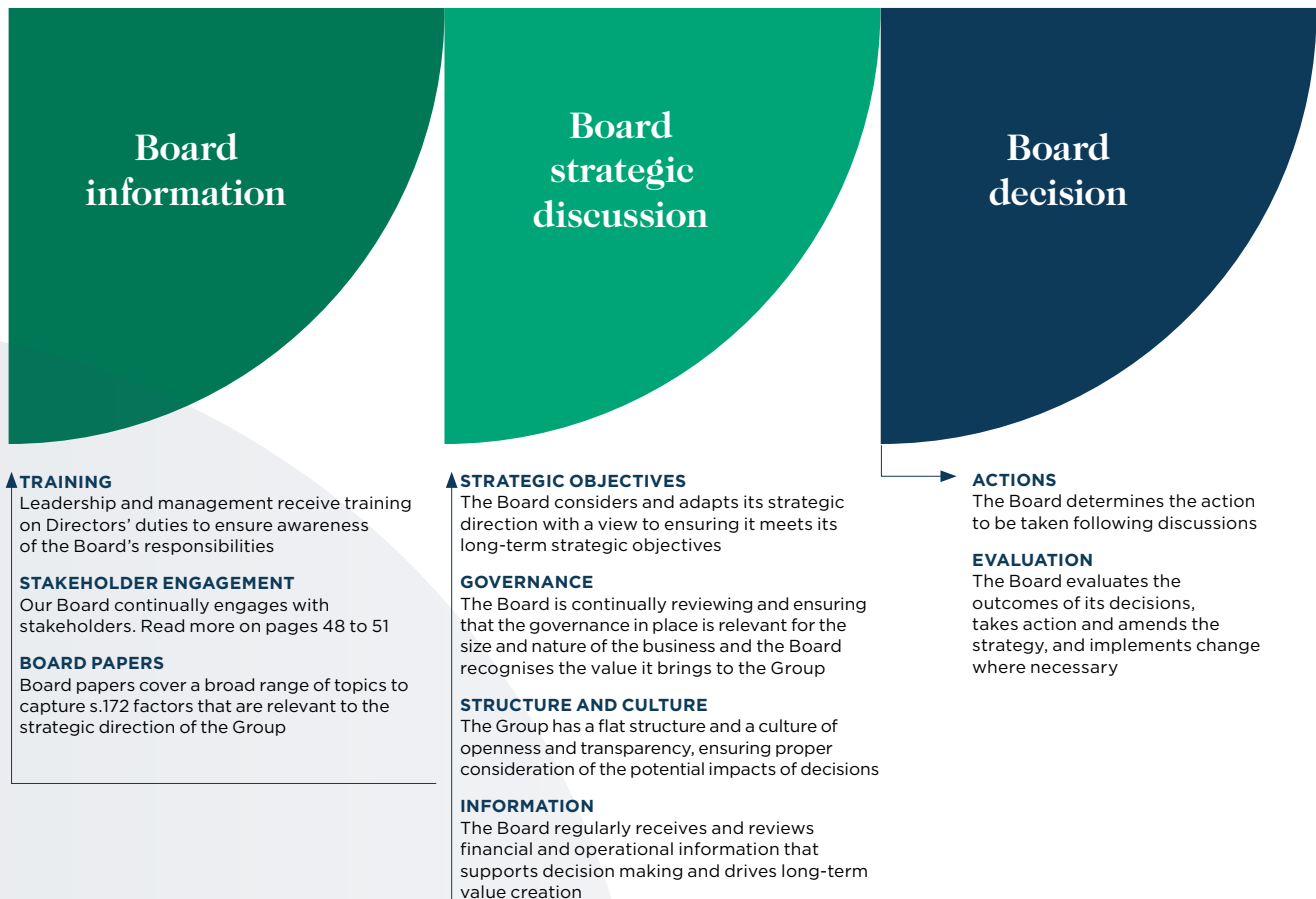
-  a) the likely consequences of any decisions in the long term;
-  b) the interests of the Company's employees;
-  c) the need to foster the Company's business relationships with suppliers, customers and others;
-  d) the impact of the Company's operations on the community and environment;
-  e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
-  f) the need to act fairly as between members of the Company.

Our Board is committed to long-term decision making and upholding the highest standards of conduct, both collectively and individually. We believe that understanding and respecting the views and needs of our investors, customers, employees, suppliers, and other stakeholders, as well as the environment we operate within, is crucial for long-term growth and prosperity. To fulfil our duties, we have delegated day to day decision making to our employees under a robust governance framework.

This framework covers our values, how we engage with our stakeholders, and how we ensure our governance structure and systems of control remain robust. Our Chairman, with support from the Company Secretary, sets the agenda for each Board meeting to ensure that we meet the requirements of s.172 in line with our approach.

We consider the views of our stakeholders during the decision making process, as evidenced by the considerations made during the 50% acquisition of 8AM Global Limited, which are detailed on the opposite page.

We believe that this approach, based on transparency and engagement, will help us build and maintain strong relationships with all our stakeholders, and contribute to the long-term success of our business.



### Section 172 in action: 8AM joint venture

On 15 August 2022, the Group acquired 50% of 8AM Global Limited ("8AM"), with an option to acquire a further 50% in due course. 8AM is an investment manager primarily focused on delivering risk-profiled Model Portfolio Services ("MPS") and a small range of multi-manager funds. In total, 8AM contributes assets under influence ("AUI") of £1.136 billion at the end of March 2023, an increase from the £1.0 billion on completion. The Group considered all its stakeholders within the decision making process, both before and after the acquisition took place:

#### Shareholders

The transaction has contributed to the growth in the Group's performance in 2022/23. The nature of a joint venture acquisition helps balance the risk and opportunity by ensuring existing shareholders of 8AM remain engaged and focused on growing the business to create long-term shareholder value.

In addition, the structure and conditions of the acquisition help limit the risk as deferred payments are linked to future performance. As we look forward, it is expected we will gain further synergies through leveraging existing Tatton resources and create additional shareholder value.

#### Firms and clients

TAM's dedication to support financial advisers and their clients by providing highly competitive investment management solutions is further enhanced by the addition of 8AM's model portfolios and funds to our existing offerings. The proposed acquisition will expand our range of risk profiled investments and leverage 8AM's expertise, investment style, and approach, giving our clients greater choice and opportunity.

Through our joint venture with 8AM, we will have access to a wider network of UK financial advisers and a broader range of propositions. To align with our commitment to continue to provide highly competitive investment management solutions to financial advisers and their clients, following the transaction, 8AM has realigned its pricing to match Tatton's, with its MPS now being charged at 15bps.

#### People

The Group's "Roadmap to Growth" target of £15bn by the end of FY24 is within reach and this transaction makes a significant contribution toward meeting this target. Ensuring we deliver on our stated goals and long term growth plan will enable us to continue invest in our people, ensuring they are appropriately compensated for their contributions, while also giving them access to opportunities for professional development and career advancement.

The addition of 8AM brings with it an experienced management team which also enhances the Group's knowledge base and skill set. The team were well known to us before the acquisition and were highly regarded, importantly they are also culturally aligned to the values of the Group.

We have enjoyed collaborating with the 8AM team and are excited to work together to further develop the business in the years ahead.

#### Key



#### Link to strategic objectives



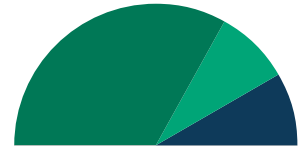
# A focused leadership

## COMMITTEE MEMBERSHIPS

- Nomination Committee
- Remuneration Committee
- Audit and Risk Committee
- Board Director

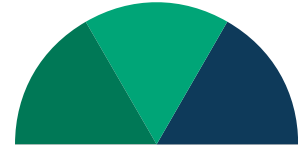
## AGE

51-60 4 (66%)  
61-70 1 (17%)  
71+ 1 (17%)



## TENURE (YEARS)

1-5 33.3%  
6-10 33.3%  
11-15 33.3%



### Roger Cornick

#### CHAIRMAN

COMMENCED: 2017

#### Skills, competence and experience:

Roger is Tatton Asset Management's Non-Executive Chairman. From January 2009 to September 2016, Roger was Chairman of Aberdeen Asset Management, having joined the Board in January 2004. Prior to joining Aberdeen, Roger was with Perpetual plc for over 20 years.



### Paul Hogarth

#### CHIEF EXECUTIVE OFFICER

COMMENCED: 2007

#### Skills, competence and experience:

Paul is the Chief Executive Officer of Tatton Asset Management, as well as Senior Partner at Paradigm Consulting.

Paul has over 40 years' experience in financial services, the majority of which were at the centre of IFA distribution. Paul was the Co-Founder of Bankhall in 1987, and built Bankhall Investment Associates from scratch to sale in May 2001 at which point 25% of the IFA sector utilised at least part of the Bankhall service proposition. After leaving Bankhall, he went on to establish Paradigm Partners Limited, which launched in 2007 and has since grown to become one of the UK's top five distribution businesses. Subsequently, he was also the Founder of Perspective Financial Group Limited in 2007 and of Tatton Capital Limited in 2012.

Paul has a BA in Economics from Heriot-Watt University in Edinburgh.

### Lothar Mentel

#### CHIEF INVESTMENT OFFICER

COMMENCED: 2012

#### Skills, competence and experience:

Lothar is the Chief Investment Officer of Tatton Asset Management. He is also Chief Executive Officer for Tatton Investment Management. Prior to setting up Tatton Investment Management in 2012, Lothar was the Chief Investment Officer of Octopus Investments from 2008, where he built a multi-manager fund business that he grew to £1.6 billion. He has also held senior positions with N M Rothschild, Threadneedle, Barclays Wealth and Commerzbank Asset Management. Lothar began his career in Germany as a performance and risk analyst, later designing and launching the Barclays multi-manager funds.

Lothar was educated in Germany and holds a post-graduate degree in Business and Economics (Diplom Ökonom) from Ruhr-Universität Bochum.





## Paul Edwards

### CHIEF FINANCIAL OFFICER

COMMENCED: 2018

#### Skills, competence and experience:

Paul is the Chief Financial Officer of Tatton Asset Management plc and joined the Board in 2018, shortly after the IPO. He is also Finance Director of Paradigm Partners Limited and Tatton Investment Management Limited.

From September 2010 to October 2016, Paul was the Group Finance Director for Scapa plc and prior to joining Scapa, Paul was the Group Finance Director for NCC Group plc for over 10 years. He has also held several other senior roles in a broad range of listed and private companies and was the Chair of the Hallé Pension Trustees for five years.

Paul is a Chartered Management Accountant and also holds an MBA from Manchester Business School.

## Chris Poil

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR, HEAD OF AUDIT AND RISK COMMITTEE AND HEAD OF REMUNERATION COMMITTEE

COMMENCED: 2017

#### Skills, competence and experience:

Chris is Tatton Asset Management's Senior Independent Non-Executive Director. Previously, he served as Head of UK Equities at ING Baring Asset Management. Prior to joining ING, he was a Director of Mercury Asset Management. Chris has previously been a Non-Executive Director of Ignite Group Ltd, Novus Leisure Ltd and Byron Ltd.



## Lesley Watt

### INDEPENDENT NON-EXECUTIVE DIRECTOR

COMMENCED: 2021

#### Skills, competence and experience:

Lesley is Tatton Asset Management's Independent Non-Executive Director. Lesley is a senior executive with over 20 years' experience at board and senior finance positions, including Scottish and Newcastle plc and latterly as CFO of Miller Developments. Lesley currently holds a Non-Executive Directorship at Scottish Baroque Ensemble Limited, where she chairs the Audit and Risk Committee. Lesley also chairs the Audit Committee of Sosandar plc.



## Robert Hunt

### CHIEF EXECUTIVE OFFICER OF PARADIGM MORTGAGE SERVICES AND MANAGING DIRECTOR OF PARADIGM CONSULTING

COMMENCED: 2007

#### Skills, competence and experience:

Robert is the Chief Executive of Paradigm Mortgage Services LLP, Managing Director of Paradigm Consulting and a Board member of the Society of Mortgage Professionals ("SMP"), acting as a respected figurehead and representative of mortgage clubs. He has over 30 years' experience working within financial intermediaries.

Prior to setting up Paradigm Mortgages in 2007, Robert was the key accounts director at Santander (formerly Abbey National) for 13 years. Before joining Santander, he had various management roles at Hill Samuel Asset Management Group in which he worked for 11 years.

In 1978, Robert joined the Royal Air Force where he studied electronic engineering for five years.



## Introduction

**The Board is committed to achieving high standards of corporate governance, integrity and business ethics. The Group has taken into consideration the guidance for smaller quoted companies on the QCA Code produced by the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”) and taken steps to apply the principles of this code in so far as it can be applied practically, given the current size of the Group and the nature of its operations, see page 55.**

**Under the AIM Rules, the Group is not required to comply with the provisions of the UK Corporate Governance Code. While the UK Corporate Governance Code has not been applied in full, the Board has continued working towards full compliance over the coming years.**

## Leadership and role of the Board

The Board is responsible for setting the Group’s values and standards and promotes these values throughout the organisation. The Board is responsible for ensuring that its obligations to its shareholders and other stakeholders, including employees, suppliers, customers and the community, are understood and met.

The Board’s duties are set out in a formal schedule of matters specifically reserved for Board decisions. The governance structure of the Group is detailed on page 56 of this report.

The Board comprises three Executive Directors, a Non-Executive Chairman and two Non-Executive Directors. The names, biographical details and Committee memberships of the Board are set out on pages 52 and 53 of this report and a skills matrix is shown on page 58. Responsibilities of each Board member have been clearly established and there is a clearly defined division of responsibility between the Chairman and the Chief Executive as shown on page 57.

## Board Committees

The corporate governance structure and framework is illustrated on page 56 which also details the responsibilities of the Nomination Committee, Remuneration Committee and Audit and Risk Committee.

## Board effectiveness, composition and independence of the Board

During the year, and up until the date of signing this report, the Board comprised a Non-Executive Chairman, two Non-Executive Directors and three Executive Directors. The Board has determined that the Non-Executive Directors are independent in character and judgement and neither represents a major shareholder group nor has any involvement in the day to day management of the Company or its subsidiaries. The Non-Executive Directors continue to complement the Executive Directors’ experience and skills, bringing independent judgement and objectivity to enhance shareholder value.

The skills and experience of the Non-Executive Directors are wide and varied, and they provide constructive challenge in the boardroom. The composition of the Board is intended to ensure that its membership represents a mix of backgrounds and experience that will optimise the quality of deliberations and decision making. We consider diversity in the composition to be an important factor in the effectiveness of the Board and, in searching for prospective Directors, we consider the existing skill sets of the Board and areas we have identified for development to meet future needs and address succession planning.

The Board composition of Non-Executive and Executive Directors has remained the same during the financial year. The Board members seek continuous improvement, ensuring they have the necessary up-to-date experience, skills and capabilities, undertaking development and training where required, see further information below. Although not members of the Committees, the Executive Directors attend meetings of the Audit and Risk Committee, Remuneration Committee and Nomination Committee as invited attendees, when appropriate. The skills matrix shown on page 58 illustrates the skills and experience of our Non-Executive and Executive Directors. The Board considers that it is an appropriate size and the Directors have an appropriate balance of skills and experience to manage the requirements of the business.

## Performance

The Board conducts a review of the performance of individual Directors, to monitor and improve effectiveness. The review of the Chief Executive is undertaken by the Non-Executive Chairman. In addition to individual reviews, the Board considers its overall performance as a body and the performance of its Committees. The review has confirmed that the performance of the Board and its Committees is effective and appropriate.

## Development and training

The Chairman is responsible for ensuring Directors’ continuing professional development and every Director is entitled to receive training and development relevant to their responsibilities and duties. The Directors take advantage of relevant seminars and conferences, and receive training and advice on new regulatory requirements and relevant current developments from the Company and professional advisers.

## Section 172 Duties

The Directors are obliged to fulfil their section 172 duties, having regard to the factors set out in the Chairman’s Statement on page 7 and also on pages 50 and 51, and in taking decisions, ensure that they promote the success of the Company as a whole. We believe that effective stakeholder engagement is critical to running a long-term sustainable business and by considering the Company’s strategic priorities and having a process in place for decision making, the Board aims to make sure that its approach to decision making and consideration of stakeholder interests is consistent. Further information on the Company’s key stakeholders is shown on pages 48 and 49.

## Stakeholder interests and engagement

The Board is committed to maintaining an ongoing dialogue with the Company’s shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, half and full year investor presentations, the Annual General Meeting (“AGM”) and the Group’s website, [www.tattonassetmanagement.com](http://www.tattonassetmanagement.com).

The AGM provides a forum for constructive communication between the Board and the shareholders. All shareholders are invited to raise any issues or concerns arising from the business proposed to be conducted at the AGM meeting by email in advance. Responses are published on the Company’s website on the morning of the AGM. In addition, throughout the year, the Executive Directors, and separately the Chairman, meet with investors to discuss matters relevant to the Company.



## Internal control and risk management

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable, not absolute, assurance against material misstatement or loss. An ongoing process has been established to promote and communicate an appropriate risk culture within the Group and to identify, evaluate and manage significant risks faced by each part of the Group.

This process has been in place throughout the year under review and includes key risks (industry, financial and operational) facing the Group. The process has also included the review and circulation of the whistleblowing policy to enable anonymous reporting of complaints. In addition,

the Board has also received external reports in relation to cyber security and uses a range of measures to manage this risk, including the use of cyber security policies and procedures, security protection tools and ongoing detection and monitoring of threats. The Board routinely reviews the effectiveness of the systems of internal control and risk management to ensure controls react to changes in the Group's operations.

Approved and authorised for issue by the Board of Directors and signed on its behalf by:

**PAUL EDWARDS**  
CHIEF FINANCIAL OFFICER

## QCA CODE

The Group has adopted the **Quoted Companies Alliance Corporate Governance Code (the "QCA Code")**. The QCA Code is built on the three fundamentals of **delivering growth; maintaining a dynamic management framework; and building trust**, each of which the Board is committed to, as it believes these will support the Group's medium to long-term success.

## QCA CODE PRINCIPLE

## REQUIRED DISCLOSURE

## REFERENCE

1	Establish a strategy and business model which promote long-term value for shareholders	Our business model is shown on pages 18 and 19 of the 2023 Annual Report
2	Seek to understand and meet shareholder needs and expectations	How we engage with our stakeholders is shown on pages 48 to 51 of the 2023 Annual Report
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	How we engage with our stakeholders is shown on pages 48 to 51 of the 2023 Annual Report
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Our risk management processes and principal risks are shown on pages 30 to 33 the 2023 Annual Report
5	Maintain the board as a well-functioning, balanced team led by the chair	Details of our Board members are shown on pages 52, 53, 57 and 58 of the 2023 Annual Report
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Details of our Board members are shown on pages 52, 53, 57 and 58 of the 2023 Annual Report
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Corporate Governance Report and Remuneration Report are detailed on pages 54, 55 and 60 to 63 of the 2023 Annual Report
8	Promote a corporate culture that is based on ethical values and behaviours	Our ESG report is shown on pages 36 to 47 of the 2023 Annual Report
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the board	The Corporate Governance Report is detailed on pages 54 to 57, with further details of the Board's decision making detailed on page 50 of the 2023 Annual Report
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	How we engage with our stakeholders is shown on pages 48 to 51 and our Corporate Governance Report and Remuneration Report are detailed on pages 54, 55 and 60 to 63 of the 2023 Annual Report

# Governance structure

## EXECUTIVE COMMITTEE

The key responsibilities of the Executive Committee include:

- Delivery of the Group strategy
- Monitoring the operating and financial performance of the Group and its divisions
- Risk management
- Cash management
- Business planning
- Review and monitoring of the Group and Company regulatory capital requirements and headroom
- Relationships with relevant authorities and regulatory stakeholders
- Legal and regulatory matters
- People
- Brand and reputation

## DIVISIONAL AND OPERATING COMPANY BOARDS

The divisions and Group companies have their own company boards and senior management reporting structures. These boards are responsible for:

- Review of individual divisional and company operating and financial performance and budgets
- Sales and marketing
- Customer service
- People retention and development
- Supplier relationship management
- Regulatory matters
- Health and safety

Across the Group, there are also a number of other committees and teams who report to the Company and Group boards.

These committees and teams have specialist knowledge and experience to review and share information, make decisions where appropriate or report to the boards for decision making where relevant.

- Sales
- Operations
- Investment Committee
- Ethical Investment Committee
- Membership
- Compliance
- IT

## THE BOARD

The Board is responsible for the long-term success of the Group and it is ultimately accountable for the Group's strategy, risk management and performance. The Board's primary roles are to provide entrepreneurial leadership to the Group within a framework of prudent and effective control which enables risk to be assessed and managed, and to set the Group's strategic objectives and ensure that the necessary resources are made available so that those objectives can be met.

Key responsibilities include:

- Overall management of the Group's strategy and long-term objectives
- Reviewing the Group's financial performance and approving the Group's interim and annual results, dividend policy and shareholder distributions
- Approving changes to the Board and other senior executive roles
- Reviewing the Group's risk management and system of internal control
- Approving changes to the Group's capital structure
- Approval of corporate plans, including material corporate transactions
- Reviewing corporate governance arrangements

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for:

- Reviewing and monitoring the integrity of the Group's financial statements
- Reviewing significant financial reporting matters and accounting policies, judgements and estimates
- Reviewing internal and external audit activity
- Overseeing the relationship with the external auditor, including appointment, removal and fees
- Approving non-audit fees and the related policy
- Monitoring and mitigating emerging and principal risks
- Monitoring the effectiveness of risk management and internal control systems
- Reviewing any reports of whistleblowing

## REMUNERATION COMMITTEE

The Remuneration Committee is responsible for:

- Determining all elements of remuneration for the Executive Directors and for reviewing its ongoing appropriateness
- Considering shareholder feedback on the remuneration policy
- Reviewing wider strategic remuneration strategy to ensure stakeholder alignment
- Determining the design of all share incentive plans for approval by the Board and shareholders, ensuring these are aligned to the Group's purpose and values. This also includes determining each year whether awards will be made and the overall amount of such awards and individual awards
- Determining targets for performance-related incentive schemes and approving total annual payments under these schemes
- Reviewing diversity and inclusion policies and practices and related reporting requirements
- Considering the remuneration trends and any major changes in employee benefit structures across the Group and the wider industry

## NOMINATION COMMITTEE

The Nomination Committee is responsible for:

- Ensuring the right composition of Board members through evaluating the balance of skills, knowledge, experience and diversity on the Board
- Reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board
- Leading the process for recruitment of Board positions and consideration of succession planning

# Board responsibilities

## CHAIRMAN

### The Chairman is responsible for:

Leading the Board, ensuring that shareholders are adequately informed with respect to the Group's affairs and that there are efficient communication channels between management, the Board and shareholders;

Setting the agenda for each meeting of the Board in conjunction with the Company Secretary, in line with the annual worklist agreed by the Board;

Encouraging constructive Board relations and promoting open debate and effective discussion and challenge at meetings, ensuring an environment in which each Director feels comfortable to contribute to effective decision making; and

Overseeing the implementation of high standards of corporate governance, as well as evaluating the performance of the Board, its Committees and individual Directors on an annual basis.

## CHIEF FINANCIAL OFFICER

### The Chief Financial Officer is responsible for:

Monitoring the financial position of the Group to meet its regulatory requirements and the management of the capital structure, ensuring adequate working capital and liquidity to meet the business' strategic objectives;

Providing strategic financial leadership and day to day management of the finance function;

Explaining the performance of the Group to shareholders, together with the Chief Executive; and

Adding a commercial and internal perspective to Board discussions and to support the CEO in communicating the views and proposals of the senior management team on business issues to the non-executive members of the Board.

## EXECUTIVE DIRECTORS

### The Executive Directors on the Board are responsible for:

Implementing the agreed strategy and the day to day management of the business;

Inputting into and reviewing the annual business plan, budget and strategic long-term direction of the Group;

Approving the expenditure and other financial commitments within its authority levels and discussing, formulating and approving proposals to be considered by the Board; and

Identifying areas of improvement across the Group and leading the senior management team in the implementation of such improvements.

## CHIEF EXECUTIVE OFFICER

### The Chief Executive is responsible for:

Recommending and managing the strategies of the Group and leading the senior management team in developing and implementing the strategy to maximise shareholder value;

Maintaining relationships with shareholders and other key stakeholders;

The effectiveness of the Executive Committee, and developing its capabilities to ensure the business delivers on strategic objectives set out by the Board in line with the Group's risk appetite; and

Communicating the views of the senior management team on business issues to the non-executive members of the Board, as well as developing the Group policies and communicating the Company values.

## CHIEF INVESTMENT OFFICER

### The Chief Investment Officer is responsible for:

Managing Tatton's investment portfolio performance, and setting the investment style and strategy of the investments;

Providing expert knowledge on all investment activities within Tatton, and maintain knowledge on all market securities and portfolio management products; and

Leading a team of investment professionals who are responsible for sourcing, managing and monitoring investments as well as establishing an investment policy statement. The Chief Investment Officer will provide insight and direction to the team ensuring the investment portfolios meet client needs and remain within the agreed investment framework.

## NON-EXECUTIVE DIRECTORS

### The Non-Executive Directors are responsible for:

Contributing to the Group's strategy whilst providing constructive challenge to management performance to ensure effective decision making;

Scrutinising the performance of the Executive Directors in relation to the delivery of strategy and the personal objectives which are set for the individual members of the Board, as well as the implementation of Board decisions and compliance with the Group's regulatory and legal obligations;

Providing independent judgement and offering specialist advice to the Board, taking into account the views of all of the organisation's stakeholders; and

Reviewing Group financial information and ensure the systems of internal control and risk management framework are appropriate.

# Key skills and experience

**The Board consists of six members, comprising the Non-Executive Chairman, Senior Independent Non-Executive Director and Non-Executive Director and three Executive Directors – the CEO, CFO and CIO.**

## Skills and experience

The Board considers it is an appropriate size and that the Directors have an appropriate balance of complementary technical skills, education and professional experience to manage the requirements of the business. The Nomination Committee reviews the size, structure and composition of the Board and its Committees to ensure an appropriate and diverse mix of skills, experience, knowledge, backgrounds, and personal strengths and to ensure these align with the needs and strategic objectives of the Group.

The Nomination Committee will look to recruit new members to the Board should it identify any gaps in the skills matrix which cannot be delivered by existing Board members.

Board members maintain and extend their skill sets through practice in day-to-day roles, enhanced with attending specific training where required to ensure that the Board members have the necessary up-to-date experience, skills and capabilities for an agile Board.

Biographies of each of the Non-Executive and Executive Directors are set out on pages 52 and 53 and a summary of their key skills and experience is shown below.

## MEETING ATTENDANCE

BOARD MEMBER	ROGER CORNICK	CHRIS POIL	LESLEY WATT	PAUL HOGARTH	LOTHAR MENTEL	PAUL EDWARDS
<b>Board</b>	5/5	5/5	5/5	5/5	5/5	5/5
<b>Audit and Risk Committee</b>	4/4	4/4	4/4	4/4	-	4/4
<b>Nomination Committee</b>	-	-	-	-	-	-
<b>Remuneration Committee</b>	3/3	3/3	3/3	3/3	-	3/3

## KEY SKILLS AND EXPERIENCE OF DIRECTORS

BOARD MEMBER	ROGER CORNICK	CHRIS POIL	LESLEY WATT	PAUL HOGARTH	LOTHAR MENTEL	PAUL EDWARDS
<b>Financial services experience</b>	●	●		●	●	●
<b>Corporate governance in UK listed companies</b>	●	●		●		●
<b>Culture and values</b>	●	●	●	●	●	●
<b>Accounting and finance</b>		●	●		●	●
<b>Audit</b>		●	●			●
<b>Risk and regulation</b>	●	●	●	●	●	●
<b>Corporate strategy</b>	●	●	●	●	●	●
<b>Executive management</b>	●	●	●	●	●	●
<b>Remuneration</b>	●	●	●		●	●
<b>Marketing and distribution strategy</b>	●			●	●	●
<b>Mergers and acquisitions</b>	●	●	●	●	●	●
<b>Investment management</b>		●		●	●	
<b>Media relations</b>	●			●	●	
<b>Human resources</b>	●		●			●
<b>IT and cyber security</b>			●			●

## How the Board monitors culture

**The Board is committed to taking responsibility for developing and maintaining a strong, value-based corporate culture across our Group and is supported in this by the senior management team. The Board interacts with employees and monitors the Group's culture on an ongoing basis, ensuring our values are embedded across the organisation. The Board uses a number of indicators to inform its regular assessment of the Group's strategy, values and purpose, and to determine whether the culture continues to be aligned with the Group strategy.**

The strategic direction, values, and purpose of TAM are outlined on pages 4 and 5, serving as a comprehensive representation, for employees and stakeholders, of the Group's aims and objectives and the means by which it strives to achieve them. The Group's culture, underpinned by its core values, is critical in ensuring that TAM can meet its strategic objectives.

The Board plays a key role in ensuring an inclusive and equitable workplace environment, where employees are empowered to make sound decisions. To provide employees with the necessary guidance, a collection of resources are made available, including a variety of Group policies, the comprehensive employee handbook, and interactive online training modules. Upon joining the Group, all employees receive a copy of the Group's Code of Conduct, which outlines the expected standards of behaviour and ethical practices.

In order for the Board to develop their understanding of the culture within the organisation, the Board draws insights from both formal and informal sources. These sources of information enable the Board to actively monitor and assess the culture across the Group. The key sources utilised by the Board to gain comprehensive insights into the Group's culture include:

- Feedback from all employee engagement with the Board and senior management
- Regular updates to the Board from the Chief Executive and other senior management on people matters and recruitment
- Employee survey results
- Board and Committee presentations at Annual Staff Days and regular divisional and team meetings
- Review of people-related risks at the Audit and Risk Committee
- Compliance reports from the Head of Compliance
- Whistleblowing performance

The Board is satisfied with the sustained high level of engagement with TAM's values. Nevertheless, this aspect will remain a key focal point for continued attention and improvement.



## Remuneration policy

### Remuneration policy for Executive Directors

The policy of the Remuneration Committee is to set basic salaries at a level which is competitive with that of comparable businesses. The same principles are applied to Directors' fixed remuneration, pension contributions and benefits as are applied to those of employees throughout the organisation.

The main principles of the senior executive remuneration policy are set out below:

- Attract and retain high calibre executives in a competitive market, and remunerate executives fairly and responsibly;
- Motivate delivery of our key business strategies and encourage a strong and sustainable performance orientated culture;
- Align the business strategy and achievement of planned business objectives; and
- Take into consideration the views of shareholders and best-practice guidelines.

The Committee believes that the level of remuneration for Executive Directors is commensurate with the corporate and personal performance of the Executive Directors for the financial year ended 31 March 2023.

### External appointments

It is the policy of the Group, which is reflected in the contract of employment, that no Executive Director may accept any Non-Executive Directorships or other appointments without the prior approval of the Board. Any outside appointments are considered by the Nomination Committee or the Board to ensure that they would not give rise to a conflict of interest. It is the Group's policy that remuneration earned from any such appointment may be retained by the individual Executive Director.

### Remuneration policy for the Chairman and Non-Executive Directors

The Chairman and other Non-Executive Directors are appointed under a letter of appointment. The letters of appointment cover such matters as duties, time commitment and other business interests. The Remuneration Committee determines the remuneration for the Chairman and Non-Executive Directors within the limits set in the Company's Articles of Association. The fee for the Chairman's role takes into account the time commitment required for the role, the skills and experience of the individual, and market practice in comparable companies. The Chairman's fee is currently set at £120,000 per annum. The Non-Executive Director fees policy is to pay a basic fee for membership of the Board, with additional fees for the Senior Independent Director and Chairmanship of a Committee to take into account the additional responsibilities and time commitments of these roles. The Senior Independent Non-Executive Director's fee is currently set at £90,000 per annum and the Non-Executive Director's fee is currently set at £60,000.

### Service contracts

It is the Group's policy for all Executive Directors to have contracts of employment that contain a termination notice period of not less than 12 months. All Executive Director appointments continue until terminated by either party on giving not less than 12 months' notice to the other party. Non-Executive Directors do not have service contracts. A letter of appointment provides for an initial period of 12 months and continues until terminated by either party giving three months' prior written notice to expire at any time on or after the initial 12-month period.

## Components of remuneration

### Salaries and fees

Salaries for Executive Directors are determined by the Remuneration Committee. The level of salary broadly reflects the value of the individual, and their role, skills and experience. Salaries are reviewed annually in March, with any changes typically taking effect in April, and take account of market levels, corporate performance and individual performance.

Fees to Non-Executive Directors are determined by the Board, having regard to fees paid to other Non-Executive Directors in other UK quoted companies, the responsibilities of the individual Non-Executive Director and the time committed to the Company.

### Pension provision

Where an Executive Director has not reached their maximum lifetime allowance, the Group will pay minimum contributions into a personal pension plan nominated by each Executive Director at a rate between 5% and 10% of their basic salary. If the maximum lifetime allowance has been reached, the Director will receive the equivalent in basic salary.

### Other benefits

Executive Directors are entitled to benefits commensurate with their position, including consideration for a discretionary performance-related annual bonus scheme, private medical cover, life assurance and car allowances.

**Single total figure of remuneration for each Director (audited)**

Directors' remuneration payable in respect of the year ended 31 March 2023 was as follows:

EXECUTIVE DIRECTORS	31/03/2023					TOTAL £'000
	BASIC SALARY AND FEES <sup>1,2</sup> £'000	BONUS £'000	LONG-TERM INCENTIVES <sup>3</sup> £'000	SHARESAVE <sup>4</sup> £'000	PENSION- RELATED AND OTHER TAXABLE BENEFITS £'000	
Paul Hogarth	342	80	-	-	2	424
Lothar Mentel	299	80	-	-	17	396
Paul Edwards	263	80	-	-	1	344
<b>Sub-total</b>	<b>904</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>1,164</b>
<b>Non-Executives</b>						
Roger Cornick	120	-	-	-	-	120
Chris Poil	90	-	-	-	-	90
Lesley Watt	60	-	-	-	-	60
<b>Total</b>	<b>1,174</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>1,434</b>

EXECUTIVE DIRECTORS	31/03/2022					TOTAL £'000
	BASIC SALARY AND FEES <sup>1,2</sup> £'000	BONUS £'000	LONG-TERM INCENTIVES <sup>3</sup> £'000	SHARESAVE <sup>4</sup> £'000	PENSION- RELATED AND OTHER TAXABLE BENEFITS £'000	
Paul Hogarth	342	300	1,470	-	2	2,114
Lothar Mentel	302	269	1,470	-	15	2,056
Paul Edwards	263	269	3,408	5	1	3,946
<b>Sub-total</b>	<b>907</b>	<b>838</b>	<b>6,348</b>	<b>5</b>	<b>18</b>	<b>8,116</b>
<b>Non-Executives</b>						
Roger Cornick	120	-	-	-	-	120
Chris Poil	90	-	-	-	-	90
Lesley Watt	60	-	-	-	-	60
<b>Total</b>	<b>1,177</b>	<b>838</b>	<b>6,348</b>	<b>5</b>	<b>18</b>	<b>8,386</b>

**Notes**

- Paul Hogarth has received additional basic salary in lieu of provision of a company car. Lothar Mentel was provided with a company car in the year ending 31 March 2022, reducing the amount paid through basic salary and increasing other taxable benefits.
- All Executive Directors have received additional basic salary in lieu of pension contributions.
- Represents the market value on vest date of any long-term incentive awards vested during the relevant financial year.
- Value of benefit associated with discount of the Sharesave scheme which vested during the relevant financial year.

**Short-term incentives****2023 Performance and remuneration outcomes**

Our remuneration framework for our Executive Directors is closely aligned with the financial performance of the Group. The Group's assets under management grew by 12.3% to reach £12.735 billion at 31 March 2023, revenue grew by 10.1% to £32.327 million and adjusted operating profit\* grew by 12.9% to £16.402 million, which represents an underlying operating margin of 50.7%. Any bonuses paid as a short-term incentive are based on predetermined financial targets set at the start of the financial year and personal performance. For further details on the financial performance of the firm, please see pages 34 and 35.

**Malus and clawback**

The short-term cash bonuses for the Executive Directors are subject to formal malus and clawback mechanisms.

**Long-term incentives**

The long-term incentive plan for Executives is designed to reward execution of strategy and growth in shareholder value over a multiple-year period. Long-term performance measurement discourages excessive risk taking and inappropriate short-term behaviours and encourages Executive Directors to take a long-term view by aligning

their interests with those of shareholders. Where possible, and to the limits applied by the legislation, the long-term incentive plan benefits from the tax advantages under an Enterprise Management Incentive ("EMI") scheme.

**Sharesave plan**

The Sharesave plan is an "all-employee" save as you earn ("SAYE") share option plan which gives eligible participating employees the opportunity to acquire ordinary shares in the Company using savings of up to £500 per month or such other amount permitted under the relevant legislation governing "tax-approved" savings-related share option plans.

**Tam plc long-term incentive plan**

The Directors have adopted the TAM plc EMI plan, which became effective on admission and which was extended in each subsequent year up to 2022. The EMI plan is a share option plan under which all eligible employees (including Executive Directors) may be granted options over shares on a tax-advantaged basis, under the provisions of Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5"). Non-qualifying options may also be granted under the EMI plan.

\* Alternative performance measures are detailed in note 23.

### Vesting of 2019 EMI scheme

The EMI options granted in 2019 were based on a combination of targets for adjusted fully diluted earnings per share ("EPS") growth of 40% and total shareholder return ("TSR") of 25% compound annual growth over a three-year period.

The 2019 EMI scheme vested in August 2022 and the vesting outcome was 100% of the total options granted. This resulted in 151,500 options vesting. During the year, 139,500 shares were issued by the Company to satisfy options which were exercised, with the remaining 12,000 options being unexercised as at 31 March 2023. No Director received shares from the 2019 scheme. The Company issued a further 50,000 shares in the year to satisfy the exercise of the 2018 scheme options which vested in August 2021 but which remained unexercised as at 31 March 2022.

### Performance conditions for current EMI schemes

Options granted under the EMI plan are only exercisable subject to the satisfaction of performance conditions which will determine the proportion of the option that will vest at the end of the three-year performance period. The performance conditions used in determining the number of options that will vest are split, with 75% of the shares vesting by reference to growth in adjusted EPS and 25% of the shares vesting based on growth in TSR over the three-year performance period.

PERFORMANCE CONDITION	WEIGHTING	VESTING CRITERIA
EPS	75%	<p>13% straight-line growth results in 33% of the option subject to the EPS measure vesting</p> <p>40% straight-line growth results in 100% of the option subject to the EPS measure vesting</p> <p>If the growth rate falls between the thresholds above, the proportion of options subject to the EPS measure that vest will be determined on a straight-line basis</p>
TSR	25%	<p>8.25% compound annual growth rate results in 33% of the option subject to the TSR measure vesting</p> <p>For options granted in 2017 to 2020 – 25% compound annual growth rate results in 100% of the option subject to the TSR measure vesting</p> <p>For options granted in 2021 to 2022 – 20% compound annual growth rate results in 100% of the option subject to the TSR measure vesting</p> <p>If the compound annual growth rate falls between the thresholds above, the proportion of options subject to the TSR measure that vest will be determined on a straight-line basis</p>

The Committee currently believes these are fair and appropriate conditions for rewarding participants as they align their interests with those of shareholders and, being measured over a three-year period, align the reward with the Group's strategy for growth by encouraging longer-term profitable growth. When determining the adjusted EPS growth, the shares will be fully diluted and the impact of adjusted items as determined by the Board, see note 9, will be disregarded to ensure that they do not artificially impact the EPS measurement.

The option will vest in respect of growth in EPS and compound annual growth in TSR over the three-year performance periods, commencing 1 April in the year that the options have been granted.

### Directors' interests in share options

Unexercised and outstanding share options granted to Executive Directors are as follows:

EXECUTIVE DIRECTORS	DATE OF GRANT	EXERCISE PRICE	AT 31 MARCH 2022 NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	LAPSED DURING THE YEAR NUMBER	AT 31 MARCH 2023 NUMBER
<b>Paul Hogarth</b>	7 August 2018	£0.00	125,992	-	-	-	125,992
	28 July 2020	£0.00	174,758	-	-	-	174,758
	15 July 2021	£0.00	25,000	-	-	-	25,000
	25 July 2022	£0.00	-	30,000	-	-	30,000
<b>Lothar Mentel</b>	7 July 2017	£1.89	849,044	-	-	-	849,044
	7 August 2018	£0.00	297,000	-	(50,000)	-	247,000
	28 July 2020	£0.00	162,274	-	-	-	162,274
	15 July 2021	£0.00	25,000	-	-	-	25,000
<b>Paul Edwards</b>	25 July 2022	£0.00	-	30,000	-	-	30,000
	28 July 2020	£0.00	141,624	-	-	-	141,624
	15 July 2021	£0.00	25,000	-	-	-	25,000
	25 July 2022	£0.00	-	30,000	-	-	30,000
			<b>1,825,692</b>	<b>90,000</b>	<b>(50,000)</b>	<b>-</b>	<b>1,865,692</b>

### Malus and clawback

Vested and unvested EMI plan awards are subject to a formal malus and clawback mechanism.



### Grant of equity share options under the EMI plan

At 31 March 2023, the Company had granted options to certain of its Executive Directors and senior managers to acquire (in aggregate) up to 8.54% of its share capital.

### Terms of awards

Options may be granted over newly issued shares, treasury shares or shares purchased in the market. To satisfy exercised options, shares may be purchased in the market or new shares subscribed from the Company. At 31 March 2023, the Company held no shares in treasury (2022: nil), other than those held by the Employee Benefit Trust to satisfy options awarded under share incentive schemes.

### Unapproved share scheme

Options issued under the long-term incentives are intended to be qualifying options for EMI purposes. If they are not qualifying options (for example, because they exceed the statutory limit at the date of grant) then they will take effect as unapproved options, which cannot benefit from the preferential tax treatments afforded to options granted pursuant to an EMI scheme.

### Employee Benefit Trust ("EBT")

The Company's EBT was established for the benefit of the employees and former employees of the Group, and their dependants. The EBT may be used in conjunction with the EMI plan where the Remuneration Committee decides in its discretion that it is appropriate to do so. The Company may provide funds to the trustee by way of loan or gift to enable the trustee to subscribe or purchase existing shares in the market in order to satisfy awards made under the EMI plan or the SAYE share option plan. During the year, the Company has made a gift of £0.028 million to the EBT (2022: £0.193 million).

After the utilisation of the shares held by the EBT to satisfy the exercise of employee EMI options, the EBT held a total of nil ordinary shares at 31 March 2023 (2022: nil) equating to nil% of the issued ordinary share capital of the Company (2022: nil%).

### Total shareholder return from admission on AIM to 31 March 2023

The Company's share price in the period from admission on AIM on 7 July 2017 to 31 March 2023 increased from £1.56 to £4.47 and market capitalisation grew from £87,215,720 to £286,465,794, with £30.13 million returned to shareholders by way of dividend.

The graph below shows the Company's TSR compared with the FTSE AIM All-Share Index in the 12 months to 31 March 2023. TSR is defined as share price growth plus reinvested dividends. The Directors consider the FTSE AIM All-Share Index to be the most appropriate index against which the TSR of the Company should be measured.

### Directors' interests

The beneficial interests of the Directors and their connected persons in the ordinary share capital of the Company at 31 March 2023 were as follows:

PAUL HOGARTH	9,668,194	16.10%
LOTHAR MENTEL	1,022,373	1.67%
PAUL EDWARDS	511,628	0.85%
CHRISTOPHER POIL	173,205	0.29%
ROGER CORNICK	32,051	0.05%
LESLEY WATT	2,325	0.00%



## The Directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2023.

### Review of the business and future developments

A review of the business and future developments can be found in the Chairman's Statement and the Chief Executive's Review on pages 6 and 7 and 8 to 11 respectively.

### Principal activities

TAM plc is a holding company whose shares are listed on the AIM market of the London Stock Exchange and is domiciled and incorporated in the UK. It has three core operating subsidiaries within two core operating divisions as follows:

SUBSIDIARY NAME	% OWNED BY THE COMPANY	PRINCIPAL ACTIVITIES OF THE SUBSIDIARY	OPERATING DIVISION
Tatton Investment Management Limited ("Tatton")	100%	Provides investment management for model portfolios and multi-manager funds	Tatton
Paradigm Partners Limited ("Paradigm Consulting" or "PPL")	100%	Provides compliance consultancy and technical support services to IFAs	Paradigm
Paradigm Mortgage Services LLP ("PMS")	100%	Provides mortgage and insurance product distribution services	Paradigm

### Results and dividends

Group profit before tax was £15.996 million (2022: £11.275 million), an increase of 41.9% largely due to the growth in revenue in the year. Adjusted operating profit\* was £16.402 million (2022: £14.526 million), giving an adjusted operating profit\* margin of 50.7% (2022: 49.5%). Operating profit after the effect of share-based payments, amortisation on acquisition-related intangible assets, changes in fair value of deferred consideration and exceptional items is £16.610 million (2022: £11.630 million).

An interim dividend in respect of the period ended 30 September 2022 of 4.5p per share was paid to shareholders on 16 December 2022. The Directors recommend a final dividend of 10.0p per share. This has not been included within the Group financial statements as no obligation existed at 31 March 2023. If approved, the final dividend will be paid on 15 August 2023 to ordinary shareholders whose names are on the register at the close of business on 7 July 2023.

The Company operates a progressive dividend policy to grow dividends in line with the Group's adjusted earnings, with a target payout ratio in the region of 70% of annual adjusted diluted earnings per share. The policy is intended to ensure that shareholders benefit from the growth of the Group, and it aligns with the strategic objective of growing our dividend. The Board recognises the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns. The target payout ratio has been adopted to provide sufficient flexibility for the Board to remunerate shareholders for their investment whilst recognising that there may at times be a requirement to retain capital within the Group. In determining the level of dividend in any year, the Directors follow the dividend policy and also consider a number of other factors that influence the proposed dividend, including:

- the level of retained distributable reserves in the Company;
- availability of cash resources;
- future cash commitments and investment plans, in line with the Company's strategic plan; and
- the impact of the decision on the Company's key stakeholders.

The Company's key stakeholders are shown on pages 48 and 49, and we have detailed how we engage with them and understand their issues and the impact of the decisions of management on them.

### Alternative performance measures

We use a number of performance measures to assist in presenting information in this statement in a way which can be easily analysed and understood. We use such measures consistently and reconcile them as appropriate, and they are used by management in evaluating performance. See notes 2.25 and 23.

### Share capital

As at 31 March 2023, there were 60,055,722 fully paid ordinary shares of 20p amounting to £12,011,144, an increase of £228,167 on the prior year due to the issue of shares upon exercise of employee share options and the issue of shares on acquisition of 8AM.

Details of the issued share capital shown are in note 19 to the consolidated financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation other than: certain restrictions may be imposed from time to time by laws and regulations pursuant to the Listing Rules of the Financial Conduct Authority ("FCA"), whereby certain Directors, Officers and employees of the Group require the approval of the Group to deal in the ordinary shares of the Company.

The Directors are not aware of any other agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

\* Alternative performance measures are detailed in note 23.

## Share options

Details of the Company's share capital and options over the Company's shares under the Company's employee share plans are given in notes 19 and 20 to the consolidated financial statements.

## Significant shareholders

At 5 April 2023, the Company had been notified of the following interests representing 3% or more of its issued share capital:

NAME	HOLDING	% HOLDING
Paul Hogarth and connected parties	9,668,194	16.10%
Liontrust Investment Partners LLP	8,011,505	13.34%
Funds and accounts under management by direct and indirect investment management subsidiaries of BlackRock, Inc.	7,680,133	12.79%
Gresham House Asset Management Limited	3,255,575	5.42%
Chelverton Asset Management Limited	2,750,000	4.58%
Rathbone Investment Management Limited	2,438,106	4.06%
abrdn plc	2,054,369	3.42%
Aegon Asset Management Limited	1,887,796	3.14%

## Purchase of own shares

At the 2022 AGM, shareholders authorised the Company to buy back 10% of its own ordinary shares by market purchase at any time prior to the conclusion of the AGM to be held in 2023. The Company did not purchase any of its own shares during the financial year, other than through the EBT (note 19). The cost of shares purchased and held by the EBT is deducted from equity.

At the forthcoming AGM, the Directors will seek to extend shareholders' approval for a further period to the conclusion of the AGM to be held in 2024, by way of special resolution, for the grant of an authority for the Company to make market purchases of up to 10% of its own shares. The Directors consider that the grant of the power for the Company to make market purchases of the Company's shares would be beneficial for the Company and, accordingly, they recommend this special resolution to shareholders. The Directors would only exercise the authority sought if they believed such a purchase was in the interests of shareholders generally. The minimum price to be paid will be the shares' nominal value of 20p and the maximum price will be no more than 5% above the average middle market quotations for the shares on the five days before the shares are purchased.

## Take over directive

The Company has only one class of ordinary share and these shares have equal voting rights. The nature of individual Directors' holdings is disclosed on this page. There are no other significant holdings of any individual.

## Board of Directors

The names of the present Directors and their biographical details are shown on pages 52 and 53. At the AGM, to be held on 9 August 2023, all Executive and Non-Executive Directors will offer themselves for re-election.

## Appointment and replacement of Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association (the "Articles"), the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Articles, which can be found on the Group's website ([www.tattonassetmanagement.com](http://www.tattonassetmanagement.com)).

## Directors' interests

Directors' emoluments, interests in the shares of the Company and options to acquire shares are disclosed in the Directors' Remuneration Report on pages 60 to 63. Paul Hogarth is also the beneficial owner of Paradigm House, the Group's registered address and the trading premises of PPL.

## Conflicts of interest

There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006.

## Directors' indemnity

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles. The provision, which is a qualifying third party indemnity provision, was in force throughout the last financial year and is currently still in force. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

## Principal risks

A report on principal risks, risk management and internal controls is included on pages 30 to 33.

## Employees

The Group is committed to the principle of equal opportunities in employment and to ensuring that no applicant or employee receives less favourable treatment on the grounds of gender, marital status, age, race, colour, nationality, ethnic or national origin, religion, disability, sexuality, or unrelated criminal convictions. The Group applies employment policies which are believed to be fair and equitable and which ensure that entry into, and progression within, the Group is determined solely by application of job criteria and personal ability and competency.

The Group aims to give full and fair consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity to continue their positions or be trained for other suitable positions. The Group provides a Group personal pension plan which is open to all employees. The Group operates an Enterprise Management Incentive scheme and a Group Sharesave scheme, details of which are provided in the Directors' Remuneration Report and the financial statements.

There is further information on the Group's employee engagement and how it fosters relationships with stakeholders on pages 48 to 51.

### Financial instruments

The Group's financial instruments at 31 March 2023 comprise cash and cash equivalents, receivable and payable balances that arise directly from its daily operations, £0.1m of financial assets at fair value through profit or loss and £3.0m of financial liabilities at fair value through profit or loss. Cash flow is managed to ensure that sufficient cash is available to meet liabilities, see note 18. The Group is not reliant on income generated from cash deposits. The Group has one operating subsidiary (Tatton) which is supervised in the UK by the FCA. The Group must comply with the regulatory capital requirements set by the FCA and manages its regulatory capital through continuous review of Tatton's and the Group's capital positions and requirements, which are reported to the Board monthly.

### Post balance sheet date events

There have been no post balance sheet events.

### Political donations

The Group made no political donations or contributions during the year (2022: £nil).

### Annual General Meeting ("AGM")

The AGM of the Company will be held on 9 August 2023. A notice convening the meeting will be sent to shareholders on 26 June 2023.

### Auditor

Deloitte LLP was the Group's independent auditor during the year and has confirmed its willingness to continue in office. A resolution to reappoint Deloitte LLP as auditor to the Group and to authorise the Directors to set its remuneration will be proposed at the 2023 AGM.

### Statement of Directors' responsibilities/ disclosures to the auditor

As far as the Directors are aware, there is no relevant information of which the Group's independent auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's independent auditor is aware of that information.

### Corporate governance

A full review of corporate governance appears on pages 54 to 59.

### Related parties

Details of related party transactions are given in note 22 to the consolidated financial statements.

### Going concern

The Board has reviewed detailed papers prepared by management that consider the Group's expected future profitability, dividend policy, capital position and liquidity, both as they are expected to be and also under more stressed conditions. The Board has also reviewed the management actions that could be taken in these scenarios and its business continuity planning procedures.

The Group also maintains its high level of ongoing oversight and monitoring of third party platforms. The Board is satisfied that the business can operate successfully in these conditions. The Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future:

**Liquidity** – The Group has a robust financial liquidity position, with £26.5 million cash at 31 March 2023 and no debt, a £10 million committed revolving credit facility which remains undrawn, with access to an accordion of £20 million and a highly efficient working capital cycle, ensuring strong operating cash conversion 82.5% of adjusted operating profit\*).

**Regulatory position** – Management have confirmed that the Group continues to have significant headroom over its regulatory requirements.

Having given due consideration to the risks, uncertainties and contingencies disclosed in the financial statements and accompanying reports, the Directors believe the business is well placed to manage its business risk successfully. Accordingly, the financial statements have been prepared on a going concern basis. Details of the Group's business activities, results, cash flows and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in the Strategic Report, see page 2 onwards.

### Basis of preparation of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom and Article 4 of the International Accounting Standards ("IAS") Regulation, and have elected to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Financial Reporting Standard 101 “Reduced Disclosure Framework” has 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 Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- make an assessment of the Company’s ability to continue as a going concern.

The Directors are responsible for keeping 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors’ responsibilities statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company’s performance, business model and strategy.

The Directors’ Report has been approved and authorised for issue by the Board of Directors and signed on its behalf by:

**PAUL HOGARTH**  
CHIEF EXECUTIVE  
OFFICER

**PAUL EDWARDS**  
CHIEF FINANCIAL  
OFFICER

## Report on the audit of the financial statements

### 1. Opinion

#### In our opinion:

- the financial statements of Tatton Asset Management plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of total comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 26 to the consolidated financial statements; and
- the related notes 1 to 21 to the parent company financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

<b>Key audit matters</b>	The key audit matter that we identified in the current year was: <ul style="list-style-type: none"> <li>Valuation of the investment in joint venture of 8AM Global Limited</li> </ul> <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> <li>① Newly identified</li> <li>⬆ Increased level of risk</li> <li>⊖ Similar level of risk</li> <li>⬇ Decreased level of risk</li> </ul>
<b>Materiality</b>	The materiality that we used for the group financial statements was £804,000 which was determined on the basis of 5% of profit before tax.
<b>Scoping</b>	All material entities in the group are within our audit scope and audited to a lower materiality for the purpose of individual entity reporting. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.
<b>Significant changes in our approach</b>	In the prior year, we identified a key audit matter in respect of the valuation of the Verbatim funds intangible assets. This key audit matter has not been retained in the current year as it related to a prior year acquisition with the level of management judgement involved having reduced. <p>In the current year, we have identified a key audit matter and fraud risk in relation to the valuation of the joint venture's assets at acquisition due to management internally deriving the estimates and applying significant judgement to the assumptions around the valuation of the client relationship intangible and the valuation of the brand.</p>

## 4. 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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the entity's process for the preparation of its assessment and any related controls;
- Evaluating management's assessment, identifying the assumptions, and testing the mechanical accuracy of the underlying forecast;
- Performing sensitivity analysis on the key assumptions applied to understand those that could give rise to a material uncertainty on the use of the going concern basis;
- Checking consistency with the forecast assumptions applied in the going concern assessment across other forecasts within the group; and
- Assessing the appropriateness of management's going concern disclosures in the financial statements.

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.

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 5.1. Valuation of investment in joint venture of 8AM Global Limited ①

<b>Key audit matter description</b>	<p>On 15 August 2022 the group acquired 50% of the issued share capital of 8AM Global limited. The fair value of the assets acquired was £6.7m, consisting of: £7.0m goodwill and intangible assets (containing a brand intangible, customer relationship intangible ("CRI") and residual goodwill), £0.2m share of net assets; and £0.4m deferred tax liability.</p> <p>We have identified a key audit matter and fraud risk in relation to the valuation of the joint venture's assets at acquisition due to management internally deriving the estimates and applying significant judgement to the assumptions around the valuation of the client relationship intangible and the valuation of the brand. Therefore, there is potential for management to introduce bias into these estimates.</p> <p>The accounting policies adopted by the group have been disclosed within note 2.12 to the financial statements and the treatment and fair value of client relationship and brand intangibles purchased through corporate transactions as a critical judgement within note 2.24.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>To address our valuation of investment in joint venture of 8AM Global Limited key audit matter, we have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of relevant key controls related to the challenge and valuation of the intangible assets identified as part of the joint venture;</li> <li>• Assessed for reasonableness, management's judgement paper prepared for the valuation of the investment in joint venture;</li> <li>• Assessed that the accounting treatment is compliant with IFRS 11 - Joint Arrangements;</li> <li>• Involved internal valuation specialists to assess whether the valuation methods are aligned with market practice and estimate the valuation of the client relationship intangible asset and brand;</li> <li>• Tested management's discounted cash flow ("DCF") model for mechanical accuracy; and</li> <li>• Challenged management's assumptions applied in the client relationship DCF model (including the discount rate, future cash flows and growth rates used, discount period, inflation rate and the client relationship percentage applied) by both engaging internal valuation specialists and assessing the reasonableness and accuracy of the underlying data inputs.</li> </ul>
<b>Key observations</b>	<p>As a result of the above procedures, we consider that management's judgement and estimates are reasonable and in line with the requirements of IFRS 11 - Joint Arrangements.</p>

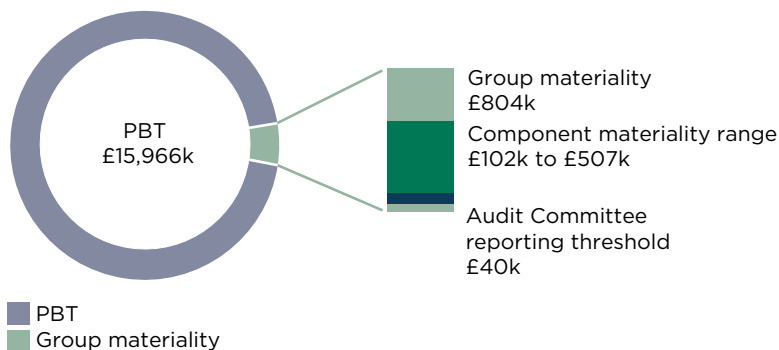
## 6. Our application of materiality

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
<b>Materiality</b>	£804,000 (2022: £564,000)	£562,800 (2022: £451,200)
<b>Basis for determining materiality</b>	5% of profit before tax (2022: 5% of profit before tax)	Parent company materiality equates to 1.5% of total assets (2022: 1.5% of total assets), which is capped at 70% (2022: 80%) of group materiality. The percentage of group materiality has been determined based on the contribution to the total group net assets.
<b>Rationale for the benchmark applied</b>	We have determined materiality based on profit before tax as it is a profit driven business, therefore is considered the most relevant benchmark for users of the financial statements.	The main operation of the parent company is to hold investments in the subsidiaries. We have therefore selected total assets as the benchmark for determining materiality. We have however capped materiality based on the group materiality.



### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
<b>Performance materiality</b>	70% (2022: 70%) of group materiality	70% (2022: 70%) of parent company materiality
<b>Basis and rationale for determining performance materiality</b>	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> <li>• Our risk assessment, including our assessment of the group's overall control environment including controls over investment wrap service income and mortgage commissions;</li> <li>• Our understanding of the entity and its environment, in particular the resilience of the group against the continued economic uncertainty and Russia/Ukraine conflict; and</li> <li>• Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.</li> </ul>	

### 6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £40,000 (2022: £28,200), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.



## 7. An overview of the scope of our audit

### 7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. At a group level, the audit team has also tested the consolidation process and adjustments.

Our group audit focused on the three (2022: three) material trading entities within the group's three (2022: three) reportable segments and the three (2022: three) material holding companies including the parent Company. We have used appropriate levels of materiality for the three material trading entities and three material holding companies that ranged from £402,000-£724,000 (2022: £282,000-£535,800).

### 7.2. Our consideration of the control environment

The key IT system relevant to the audit was the financial accounting system as this is integral to the accounting records maintained by the group. We have not relied upon any controls associated with this system as its operation involves a high degree of manual intervention.

We obtained an understanding of relevant manual controls in place for financial reporting process, valuation of the investment in joint venture of 8AM Global Limited, share based payments and related parties. We tested relevant controls of investment wrap service related revenue and mortgage commissions, however, we have not taken a controls reliance approach.

### 7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on pages 36 to 47. As a part of our audit, we have obtained an understanding of management's process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. We have considered whether information included in climate related disclosures in the Annual Report were consistent with our understanding of the business and financial statements.

## 8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

WE HAVE NOTHING TO REPORT IN THIS REGARD.

## 9. 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.

## 10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit and risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Valuation of the investment in joint venture of 8AM Global Limited. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included the FCA regulations.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of the investment in joint venture of 8AM Global Limited as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit and risk committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

## Report on other legal and regulatory requirements

### 12. Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### 13. Matters on which we are required to report by exception

#### 13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

WE HAVE NOTHING TO REPORT IN RESPECT OF THESE MATTERS.

#### 13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

WE HAVE NOTHING TO REPORT IN RESPECT OF THESE MATTERS.

### 14. Use of our report

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

**DAVID HEATON**

(SENIOR STATUTORY AUDITOR)

**For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
12 June 2023**

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
<b>Revenue</b>		<b>32,327</b>	29,356
Share of profit from joint venture		160	-
Administrative expenses		(15,877)	(17,726)
<b>Operating profit</b>		<b>16,610</b>	11,630
• Share-based payment costs	6	1,511	2,399
• Amortisation of acquisition-related intangibles	6	534	266
• Gains arising on changes in fair value of contingent consideration		(2,651)	-
• Exceptional items	6	398	231
<b>Adjusted operating profit (before separately disclosed items)<sup>1</sup></b>		<b>16,402</b>	14,526
Unwinding of the discount rate on deferred consideration		(228)	-
Other finance costs		(386)	(355)
Finance costs	7	(614)	(355)
<b>Profit before tax</b>		<b>15,996</b>	11,275
Taxation charge	8	(2,623)	(2,033)
<b>Profit attributable to shareholders</b>		<b>13,373</b>	9,242
<b>Earnings per share - Basic</b>	9	<b>22.43p</b>	15.92p
<b>Earnings per share - Diluted</b>	9	<b>21.70p</b>	15.17p
<b>Adjusted earnings per share - Basic<sup>1</sup></b>	9	<b>21.72p</b>	19.87p
<b>Adjusted earnings per share - Fully Diluted<sup>2</sup></b>	9	<b>20.61p</b>	18.62p

- Adjusted for exceptional items, amortisation on acquisition-related intangibles, changes in the fair value of contingent consideration and share-based payments and the tax thereon. See note 23.
- Adjusted for exceptional items, amortisation on acquisition-related intangibles, unwinding of discount on deferred consideration, changes in the fair value of contingent consideration and share-based payments and the tax thereon. See note 23.

All revenue, profit and earnings are in respect of continuing operations.

There were no other recognised gains or losses other than those recorded above in the current or prior year and therefore a Statement of Other Comprehensive Income has not been presented.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023

	NOTE	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
<b>Non-current assets</b>			
Investments in joint ventures	11	6,762	-
Goodwill	12	9,337	9,337
Intangible assets	13	3,615	4,047
Property, plant and equipment	14	454	749
Deferred tax assets	17	1,258	841
<b>Total non-current assets</b>		<b>21,426</b>	<b>14,974</b>
<b>Current assets</b>			
Trade and other receivables	15	3,782	3,805
Financial assets at fair value through profit or loss	18	123	152
Corporation tax		121	706
Cash and cash equivalents		26,494	21,710
<b>Total current assets</b>		<b>30,520</b>	<b>26,373</b>
<b>Total assets</b>		<b>51,946</b>	<b>41,347</b>
<b>Current liabilities</b>			
Trade and other payables	16	(7,911)	(7,556)
<b>Total current liabilities</b>		<b>(7,911)</b>	<b>(7,556)</b>
<b>Non-current liabilities</b>			
Other payables	16	(2,254)	(2,747)
<b>Total non-current liabilities</b>		<b>(2,254)</b>	<b>(2,747)</b>
<b>Total liabilities</b>		<b>(10,165)</b>	<b>(10,303)</b>
<b>Net assets</b>		<b>41,781</b>	<b>31,044</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	19	12,011	11,783
Share premium account		15,259	11,632
Own shares	20	-	-
Other reserve		2,041	2,041
Merger reserve		(28,968)	(28,968)
Joint venture reserve		(21)	-
Retained earnings		41,459	34,556
<b>Total equity</b>		<b>41,781</b>	<b>31,044</b>

The financial statements were approved by the Board of Directors on 12 June 2023 and were signed on its behalf by:

**PAUL EDWARDS**  
DIRECTOR

Company registration number: 10634323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 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)
	NOTE								
At 1 April 2021		11,578	11,534	(1,969)	2,041	(28,968)	-	30,230	24,446
Profit and total comprehensive income		-	-	-	-	-	-	9,242	9,242
Dividends	9	-	-	-	-	-	-	(6,641)	(6,641)
Share-based payments		-	-	-	-	-	-	2,679	2,679
Deferred tax on share-based payments		-	-	-	-	-	-	157	157
Current tax on share-based payments		-	-	-	-	-	-	1,051	1,051
Issue of share capital on exercise of employee share options		205	98	-	-	-	-	-	303
Own shares acquired in the year	20	-	-	(193)	-	-	-	-	(193)
Own shares utilised on exercise of options	20	-	-	2,162	-	-	-	(2,162)	-
<b>At 31 March 2022</b>		<b>11,783</b>	<b>11,632</b>	<b>-</b>	<b>2,041</b>	<b>(28,968)</b>	<b>-</b>	<b>34,556</b>	<b>31,044</b>
Profit and total comprehensive income		-	-	-	-	-	39	13,334	13,373
Dividends	9	-	-	-	-	-	-	(7,714)	(7,714)
Share-based payments		-	-	-	-	-	-	1,307	1,307
Deferred tax on share-based payments		-	-	-	-	-	-	18	18
Current tax on share-based payments		-	-	-	-	-	-	(102)	(102)
Issue of share capital on exercise of employee share options		52	117	-	-	-	-	-	169
Own shares acquired in the year	20	-	-	(28)	-	-	-	-	(28)
Own shares utilised on exercise of options	20	-	-	28	-	-	-	-	28
Issue of share capital on acquisition of a joint venture		176	3,510	-	-	-	-	-	3,686
Dividends received from joint venture		-	-	-	-	-	(60)	60	-
<b>At 31 March 2023</b>		<b>12,011</b>	<b>15,259</b>	<b>-</b>	<b>2,041</b>	<b>(28,968)</b>	<b>(21)</b>	<b>41,459</b>	<b>41,781</b>

The other reserve and merger reserve were created on 19 June 2017 when the Group was formed, where the difference between the Company's capital and the acquired Group's capital was recognised as a component of equity being the merger reserve. Both the other reserve and the merger reserve are non-distributable. The joint venture reserve represents the Group's share of post-tax profits yet to be received (for example, in the form of dividends or distributions), less amortisation of related intangible assets.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
<b>Operating activities</b>			
Profit for the year		13,373	9,242
Adjustments:			
Income tax expense		2,623	2,033
Finance costs	7	614	355
Depreciation of property, plant and equipment	14	384	377
Amortisation of intangible assets	13	661	536
Share-based payment expense	21	1,420	1,492
Post tax share of profits of joint venture less amortisation of related intangible assets	11	(39)	-
Changes in fair value of contingent consideration	6	(2,651)	-
Changes in:			
Trade and other receivables		(146)	309
Trade and other payables		(449)	907
Exceptional items	6	398	231
Cash generated from operations before exceptional items		16,188	15,482
<b>Cash generated from operations</b>		<b>15,790</b>	<b>15,251</b>
Income tax paid		(2,559)	(1,612)
<b>Net cash from operating activities</b>		<b>13,231</b>	<b>13,639</b>
<b>Investing activities</b>			
Payment for the acquisition of a business combination and joint venture, net of cash acquired		(152)	(2,825)
Purchase of intangible assets		(229)	(211)
Purchase of property, plant and equipment		(89)	(74)
<b>Net cash used in investing activities</b>		<b>(470)</b>	<b>(3,110)</b>
<b>Financing activities</b>			
Interest paid		(186)	(144)
Dividends paid	9	(7,714)	(6,641)
Dividends received from joint venture		60	-
Proceeds from the issue of shares		132	111
Purchase of own shares	20	-	-
Proceeds from the exercise of options		-	1,230
Repayment of lease liabilities		(269)	(309)
<b>Net cash used in financing activities</b>		<b>(7,977)</b>	<b>(5,753)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,784</b>	<b>4,776</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>21,710</b>	<b>16,934</b>
<b>Net cash and cash equivalents at end of period</b>		<b>26,494</b>	<b>21,710</b>

## 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. 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 independent financial advisers (“IFAs”), the provision of mortgage adviser support services, and the marketing and promotion of multi-manager funds.

News updates, regulatory news and financial statements can be viewed and downloaded from the Group’s website, [www.tattonassetmanagement.com](http://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.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own income statement.

## 2 Accounting Policies

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

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the United Kingdom and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued by the International Accounting Standards Board (“IASB”) and the Companies Act 2006. The financial statements of the Company have been prepared in accordance with UK Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”).

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

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

### 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. The Group’s forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current resources. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

### 2.3 Basis of consolidation

The Group’s financial statements consolidate those of the Parent Company and all of its subsidiaries and joint ventures as at 31 March 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 March. In the case of joint ventures, those entities are presented as a single line item in the Consolidated Statement of Total Comprehensive Income and Consolidated Statement of Financial Position.



All transactions between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, up to the effective date of disposal, as applicable.

## 2.4 Adoption of new and revised standards

### New and amended IFRS Standards that are effective for the current year

IFRS 10 “Consolidated Financial Statements”, IAS 28 “Investments in Associates and Joint Ventures”, IAS 1 “Presentation of Financial Statements”, IFRS 3 “Business Combinations”, IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, IAS 16 “Property, Plant and Equipment”, IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

The Directors adopted the new or revised Standards listed above but they have had no material impact on the financial statements of the Group.

### Standards in issue not yet effective

The following IFRS and IFRIC interpretations have been issued but have not been applied by the Group in preparing the historical financial information, as they are not yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

### Effective date 1 January 2023

IFRS 17 “Insurance Contracts”, IAS 1 “Presentation of Financial Standards”, IAS 12 “Income Taxes”, IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

### Effective date 1 January 2024

IFRS 16 “Leases”, IAS 1 “Presentation of the Financial Statements”.

## 2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognised when control is transferred and the performance obligations are considered to be met.

The Group’s revenue is made up of the following principal revenue streams:

- Fees for discretionary fund management services in relation to on-platform investment assets under management (“AUM”). Revenue is recognised daily based on the AUM.
- Fees charged to IFAs for compliance consultancy services, which are recognised when performance obligations are met.
- Fees for providing investment platform services. Revenue is recognised on a daily basis, in line with the satisfaction of performance obligations, on the assets under administration held on the relevant investment platform.
- Fees for mortgage-related services including commissions from mortgage and other product providers and referral fees from strategic partners. Commission is recognised when performance obligations are met.
- Fees for marketing services provided to providers of mortgage and investment products, which is recognised when performance obligations are met.

## 2.6 Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the underlying financial performance of the Group. These include material items of income or expense that are shown separately due to the significance of their nature and amount.

## 2.7 Interest income and interest expense

Finance income is recognised as interest accrued (using the effective interest method) on funds invested outside the Group. Finance expense includes the unwinding of discounts on deferred consideration liabilities, the cost of borrowing from third parties and is recognised on an effective interest rate basis, resulting from the financial liability being recognised on an amortised cost basis.

## 2 Accounting Policies continued

### 2.8 Impairment

Assets which have an indefinite useful life are not subject to amortisation and are tested for impairment at each Statement of Financial Position date. Assets subject to depreciation and amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment losses on previously revalued assets are recognised against the revaluation reserve as far as this reserve relates to previous revaluations of the same assets. Other impairment losses are recognised in the Statement of Total Comprehensive Income based on the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of the fair value less the costs to sell and the value in use.

Impairment losses recognised in respect of cash-generating units (“CGUs”) are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

### 2.9 Goodwill and intangible assets

Goodwill is initially recognised and measured as set out in note 2.11.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Following initial recognition, intangible assets are held at cost less any accumulated amortisation and any provision for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Intangible assets acquired separately are measured on initial recognition at cost.

Computer software licences acquired are capitalised at the cost incurred to bring the software into use and are amortised on a straight-line basis over their estimated useful lives, which are estimated as being three years. Costs associated with developing or maintaining computer software programs that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, the client relationship intangible assets and brand intangible assets have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their useful lives, estimated for both asset classes at 10 years.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset. The difference is then recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying values exceed the estimated recoverable amount at that time, the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell and value in use. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Directors have reviewed the intangible assets as at 31 March 2023 and as a result of the review, it was determined that none of the assets are impaired (2022: none).

## 2.10 Property, plant and equipment

Property, plant and equipment assets are stated at cost net of accumulated depreciation and accumulated provision for impairment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Principal annual rates are as follows:

- Computer, office equipment and motor vehicles – 20–33% straight-line.
- Fixtures and fittings – 20% straight-line.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

## 2.11 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that: deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits” respectively; and assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date.

## 2 Accounting Policies continued

### 2.12 Joint ventures

Joint ventures are entities in which the Company has an investment where it, along with one or more other shareholders, has contractually agreed to share control of the business and where the major decisions require the unanimous consent of the joint partners. The Company initially records the investment at the fair value of the purchase consideration. The Company's income statement reflects its share of the entity's profit or loss after tax and amortisation of intangible assets.

The Statement of Financial Position subsequently records the Company's share of the net assets of the entity plus any goodwill and intangible assets that arose on purchase less subsequent amortisation. The Statement of Changes in Equity records the Company's share of other equity movements of the entity. At each reporting date, the Company applies judgement to determine whether there is any indication that the carrying value of joint ventures may be impaired.

The joint ventures reserve in the Statement of Changes in Equity represents the Company's share of profits in its investments yet to be received (for example, in the form of dividends or distributions), less any amortisation of intangible assets. Certain associates are held within financial assets at fair value through profit or loss where permitted by the accounting standards (see note 11). Information about the Company's principal associates measured at fair value is disclosed within this note.

### 2.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the inception date of the lease. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets are subsequently depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any remeasurements of the lease liability. At the end of each reporting period, the ROU assets are assessed for indicators of impairment in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured by adjusting the carrying amount to reflect the interest charge, the lease payments made and any reassessment or lease modifications. The lease liability is remeasured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Where the Group is an intermediate lessor in a sub-lease, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and bank balances for the purpose only of the Consolidated Statement of Cash Flows.

### 2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and bank balances, loans and borrowings, and trade and other payables.

#### Financial investments

Financial investments are classified as fair value through profit or loss if they are either held for trading or specifically designated in this category on initial recognition. Assets in this category are initially recognised at fair value and subsequently remeasured, with gains or losses arising from changes in fair value being recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss include investments in a regulated open-ended investment company and an investment portfolio, which are managed and evaluated on a fair value basis in line with the market value.

#### Trade receivables

Trade receivables do not carry interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised when the Group's right to consideration is only conditional on the passage of time. Allowances incorporate an expectation of lifetime credit losses from initial recognition and are determined using an expected credit loss approach.

#### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, where applicable or required. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid.

#### Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

#### Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

## 2.16 Taxation

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences where it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary difference and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 2 Accounting Policies continued

### 2.16 Taxation continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.17 Retirement benefit costs

The Group pays into personal pension plans for which the amount charged to income in respect of pension costs and other post-retirement benefits is the amount of the contributions payable in the year. Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions. Differences between contributions payable and paid are accrued or prepaid. The assets of the plans are invested and managed independently of the finances of the Group.

### 2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.19 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior period retained profits or losses.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

### 2.20 Employee Benefit Trust

The Company provides finance to the EBT to purchase the Company's shares on the open market in order to meet its obligation to provide shares when an employee exercises awards made under the Group's share-based payment schemes. Administration costs connected with the EBT are charged to the Statement of Comprehensive Income. The cost of shares purchased and held by the EBT is deducted from equity. The assets held by the EBT are consolidated into the Group's financial statements.

### 2.21 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model or Monte Carlo model as appropriate.

## 2.22 Climate change

The Group is continually developing its assessment of the impact that climate change has on the assets and liabilities recognised and presented in its financial statements. The impact of climate change has been considered in the preparation of these financial statements; however, as the Group does not hold significant levels of property, plant and equipment and does not own its own land and buildings, there is currently no material impact of climate change on the results or values of assets and liabilities recognised and presented in these financial statements.

## 2.23 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.

## 2.24 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described above, 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 or in the period of the revision and future periods if the revision affects both current and future periods. Changes for accounting estimates would be accounted for prospectively under IAS 8.

### Client relationship and brand intangibles

#### Estimation uncertainty

Impairment of client relationship and brand intangibles

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment testing, the cash generating potential of brand and customer relationships is determined using a discounted cash flow model which assesses sensitivity to operating margins, discount rates and AUM growth rates, as detailed in note 12. The results of the calculation indicate that client relationship and brand intangibles are not impaired.

### Business combinations

#### Critical judgement

Client relationship and brand intangibles purchased through corporate transactions

When the Group purchases client relationships and brands through transactions with other corporate entities, a judgement is made as to whether the transaction should be accounted for as a business combination or as a separate purchase of intangible assets. In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business combination in IFRS 3. In particular, consideration is given to the scale of the operations subject to the transaction and whether ownership of a corporate entity has been acquired, among other factors.

### TREATMENT AND FAIR VALUE OF CONSIDERATION TRANSFERRED

#### Critical judgement and estimation uncertainty

On 15 August 2022 the Group acquired 50% of the issued share capital 8AM Global Limited ("8AM") which has been treated by Tatton as a joint venture and, as such, the equity accounting method has been used to recognise this investment. This has resulted in the recognition of a single line on the balance sheet for the investment at fair value cost which will change with the ongoing impact on the income statement as a result of the share of profits and intangible assets.

A fair value exercise was undertaken to determine the allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the asset and liabilities is based, to a considerable extent, on management's judgement. The amount of goodwill initially recognised is dependent on the allocation of this purchase price to the identifiable assets and liabilities, with any unallocated portion being recorded as goodwill. The total value of these assets has been recognised in one line on the face of the balance sheet. The valuation of customer relationships included estimates on AUM growth or attrition rates which were based on whether advisor firms had a pre-existing relationship with the Group, management judgment around the use of discount rates and estimates of the future profitability of 8AM Global Limited. The valuation of brand included estimates of the future profitability of 8AM Global Limited and brand royalty rates.

At 31 March 2023, there remained two elements of deferred consideration unvested and subject to ongoing vesting conditions. The value of earn-out consideration is variable, dependent on performance by the business against certain operational targets at the second and third anniversaries of completion. The estimated discounted value of earn-out consideration that will be payable at these dates is £1,063,000. The total payable is dependent on meeting certain operating profit targets. Management have estimated the likelihood of certain levels of operating profit being achieved which are based on projections of the levels of AUM, revenue and operating cost. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the estimates used could require a material adjustment to the carrying amount of the liability.

## 2 Accounting Policies continued

### 2.24 Critical accounting judgements and key sources of estimation uncertainty continued

On 14 September 2021, the Group acquired the Verbatim funds business (“Verbatim”) and the Group accounted for the transaction as a business combination. Business combinations and acquisitions require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the asset and liabilities is based, to a considerable extent, on management’s judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities, with any unallocated portion being recorded as goodwill. The purchase price payable for the acquisition is split into a number of different parts. The payment of certain elements has been deferred.

At 31 March 2023, there remained three elements of deferred consideration unvested and subject to ongoing vesting conditions. The value of earn-out consideration is variable, dependent on performance by the acquired business against certain operational targets at the second, third and fourth anniversaries of completion. The estimated discounted value of earn-out consideration that will be payable at these dates is £1,927,000, based on projections of the level of funds under management over that period. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the estimates used could require a material adjustment to the carrying amount of the liability.

Under the terms of the agreements, the maximum possible payment under the remaining earn-out is capped at £3,000,000, which represents qualifying funds under management of at least £650 million at each anniversary date, subject to certain conditions.

#### Share-based payments

##### Estimation uncertainty

Given the significance of share-based payments as a form of employee remuneration for the Group, share-based payments have been included as a significant accounting estimate. The principal estimations relate to:

- forfeitures (where awardees leave the Group as “bad” leavers and therefore forfeit unvested awards); and
- the satisfaction of performance obligations attached to certain awards.

These estimates are reviewed regularly and the charge to the Statement of Total Comprehensive Income is adjusted accordingly (at the end of the relevant scheme as a minimum). Based on the current forecasts of the Group, the charge for the year is based on 100% of the options vesting for the element relating to non-market-based performance conditions. A decrease of 10% in the vesting assumptions would reduce the charge in the year by £66,000. In considering the level of satisfaction of performance obligations, the Group’s forecast has been reviewed and updated for the expected impact of the various market scenarios and management actions. This forecast has been used to estimate the relevant vesting assumptions for the Enterprise Management Incentive (“EMI”) schemes in place.

There are no other judgements or assumptions made about the future, or any other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 2.25 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. The APMs used by the Group are set out in note 23 including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant. There is also further information on separately disclosed items in note 6.

## 3 Capital Management

The Group’s objectives when managing capital are (i) to safeguard the Group’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; (ii) to maintain a strong capital base and utilise it efficiently to support the development of its business; and (iii) to comply with the regulatory capital requirements set by the FCA. Capital adequacy and the use of regulatory capital are monitored by the Group’s management and Board. There is one active regulated entity in the Group: Tatton Investment Management Limited, regulated by the FCA.

Regulatory capital is determined in accordance with the requirements of the FCA’s Investment Firms Prudential Regime which became effective on 1 January 2022 and the Capital Requirements Directive IV prescribed in the UK by the FCA. The Directive requires continual assessment of the Group’s risks which is underpinned by the Group’s Internal capital adequacy and risk assessment (“ICARA”). The ICARA considers the relevant current and future risks to the business and the capital considered necessary to support these risks. The Group actively monitors its capital base to ensure it maintains sufficient and appropriate capital resources to cover the relevant risks to the business and to meet consolidated and individual regulated entity regulatory and liquidity requirements.



The FCA requires the Group to hold more regulatory capital resources than the total capital resource requirement. The total capital requirement for the Group is the higher of the Group's Own Funds Requirement, its Own Harm requirement and Wind-down requirement. The total capital requirement for the Group is £4.40 million. As at 31 March 2023, the Group has regulatory capital resources of £14.81 million, significantly in excess of the Group's total capital requirement. During the period, the Group and its regulated subsidiary entities complied with all regulatory capital requirements.

#### 4 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 an appropriate pro rata basis.

The principal activity of Tatton is that of discretionary fund management ("DFM") 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.

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

YEAR ENDED 31 MARCH 2023	TATTON (£'000)	PARADIGM (£'000)	CENTRAL (£'000)	GROUP (£'000)
<b>Revenue</b>	<b>25,929</b>	<b>6,404</b>	<b>(6)</b>	<b>32,327</b>
Share of post tax profit from joint ventures	160	-	-	160
Administrative expenses	(8,540)	(3,999)	(3,338)	(15,877)
<b>Operating profit/(loss)</b>	<b>17,549</b>	<b>2,405</b>	<b>(3,344)</b>	<b>16,610</b>
Share-based payments	-	-	1,511	1,511
Exceptional charges	398	-	-	398
Gain arising on changes in fair value of contingent consideration	(2,651)	-	-	(2,651)
Amortisation of acquisition-related intangible assets	534	-	-	534
<b>Adjusted operating profit/(loss) (before separately disclosed items)<sup>1</sup></b>	<b>15,830</b>	<b>2,405</b>	<b>(1,833)</b>	<b>16,402</b>
Finance costs	(182)	-	(432)	(614)
<b>Profit/(loss) before tax</b>	<b>17,367</b>	<b>2,405</b>	<b>(3,776)</b>	<b>15,996</b>

YEAR ENDED 31 MARCH 2022	TATTON (£'000)	PARADIGM (£'000)	CENTRAL (£'000)	GROUP (£'000)
<b>Revenue</b>	<b>23,345</b>	<b>5,995</b>	<b>16</b>	<b>29,356</b>
Administrative expenses	(9,939)	(3,561)	(4,226)	(17,726)
<b>Operating profit/(loss)</b>	<b>13,406</b>	<b>2,434</b>	<b>(4,210)</b>	<b>11,630</b>
Share-based payments	-	-	2,399	2,399
Exceptional items	231	-	-	231
Amortisation of acquisition-related intangible assets	266	-	-	266
<b>Adjusted operating profit/(loss) (before separately disclosed items)<sup>1</sup></b>	<b>13,903</b>	<b>2,434</b>	<b>(1,811)</b>	<b>14,526</b>
Finance costs	(18)	-	(337)	(355)
<b>Profit/(loss) before tax</b>	<b>13,388</b>	<b>2,434</b>	<b>(4,547)</b>	<b>11,275</b>

All turnover arose in the United Kingdom.

1. Alternative performance measures are detailed in note 23.

## 5 Operating Profit

The operating profit and the profit before taxation are stated after charging/(crediting):

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Amortisation of software	247	270
Depreciation of property, plant and equipment	168	168
Depreciation of right-of-use assets	216	209
Loss arising on financial assets designated as FVTPL	28	11
Separately disclosed items (note 6)	(208)	2,896
<b>Services provided by the Group's auditor:</b>		
Audit of the statutory consolidated and Company financial statements of:		
Tatton Asset Management plc	121	72
Audit of subsidiaries	66	70
Other fees payable to auditor:		
Non-audit services	8	21

Total audit fees were £187,000 (2022: £142,000). Total non-audit fees payable to the auditor were £8,000 (2022: £21,000).

## 6 Separately Disclosed Items

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Acquisition-related expenses	398	231
<b>Total exceptional costs</b>	<b>398</b>	<b>231</b>
Gain arising on changes in fair value of contingent consideration	(2,651)	-
Share-based payment charges	1,511	2,399
Amortisation of intangible assets relating to joint ventures	121	-
Amortisation of acquisition-related intangible assets	413	266
<b>Total separately disclosed items</b>	<b>(208)</b>	<b>2,896</b>

Separately disclosed items shown separately on the face of the 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.

### Exceptional items

During the period, the Group acquired 50% of the share capital of 8AM Global Limited. The Group incurred professional fees of £229,000 during the process, which have been treated as exceptional items. The Group has also incurred other one-off costs of £169,000 during the period including costs in relation to the prior year acquisition of the Verbatim funds.

Acquisition-related expenses in the prior year relate to professional fees incurred as a result of the acquisition of the Verbatim funds in September 2021. The Group incurred professional fees of £231,000 during the process, which have been treated as exceptional items.

During the period, the Group revalued its financial liability at fair value through profit or loss relating to the deferred consideration on the acquisition of the Verbatim funds and 8AM Global Limited. This has resulted in a credit from the change in fair value of £2,651,000 being recognised in the year.

### Share-based payments

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.

### Amortisation of acquisition-related intangible assets

Payments made for the introduction of client relationships and brands that are deemed to be intangible assets are capitalised and amortised over their useful life, which has been assessed to be ten years. This amortisation charge is recurring over the life of the intangible asset, though 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.

## 7 Finance Costs

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Bank interest income	6	-
Unwinding of the discount on deferred consideration	(228)	-
Interest expense on lease liabilities	(14)	(23)
Interest payable in servicing of banking facilities	(378)	(332)
	(614)	(355)

## 8 Taxation

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
<b>Current tax expense</b>		
Current tax on profits for the period	3,159	2,010
Adjustment for under/(over) provision in prior periods	14	(52)
	3,173	1,958
<b>Deferred tax expense</b>		
Current year (credit)/charge	(371)	261
Adjustment in respect of previous years	(56)	(30)
Effect of changes in tax rates	(123)	(156)
<b>Total tax expense</b>	<b>2,623</b>	<b>2,033</b>

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

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Profit before taxation	15,996	11,275
Tax at UK corporation tax rate of 19% (2022: 19%)	3,039	2,142
Expenses not deductible for tax purposes	93	45
Income not taxable	(533)	1
Adjustments in respect of previous years	(41)	(82)
Effect of changes in tax rates	(122)	(94)
Capital allowances in excess of depreciation	3	1
Share-based payments	184	20
<b>Total tax expense</b>	<b>2,623</b>	<b>2,033</b>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset in both the current and prior year was calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

## 9 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 year.

### Number of shares

	31-MAR 2023	31-MAR 2022
<b>Basic</b>		
Weighted average number of shares in issue	59,608,203	58,424,150
Effect of own shares held by an EBT	-	(373,774)
	<b>59,608,203</b>	58,050,376
<b>Diluted</b>		
Effect of weighted average number of options outstanding for the year	2,006,603	2,875,504
Weighted average number of shares (diluted) <sup>1</sup>	<b>61,614,806</b>	60,925,880
<b>Adjusted diluted</b>		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	1,192,528	1,042,011
Adjusted diluted weighted average number of options and shares for the year <sup>2</sup>	<b>62,807,334</b>	61,967,891

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 that 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 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 EBT to satisfy options.

### Number of shares continued

Own shares held by an EBT represents the Company's own shares purchased and held by the Employee Benefit Trust ("EBT"), shown at cost. In the year ended 31 March 2023, the EBT purchased 139,500 (2022: 966,546) of the Company's own shares. The shares held by the EBT were fully used during the year to satisfy the exercise of employee share options.

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Earnings attributable to ordinary shareholders		
Basic and diluted profit for the period	13,373	9,242
Share-based payments - IFRS 2 option charges	1,511	2,399
Amortisation of acquisition-related intangible assets	534	266
Exceptional costs - see note 6	398	231
Gain arising on changes in fair value of contingent consideration	(2,651)	-
Unwinding of discount on deferred consideration - see note 6	228	-
Tax impact of adjustments	(447)	(602)
Adjusted basic and diluted profits for the period and attributable earnings	<b>12,946</b>	11,536
Earnings per share (pence) - Basic	<b>22.43</b>	15.92
Earnings per share (pence) - Diluted	<b>21.70</b>	15.17
Adjusted earnings per share (pence) - Basic	<b>21.72</b>	19.87
Adjusted earnings per share (pence) - Fully Diluted	<b>20.61</b>	18.62

### 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 its strategy and to invest in opportunities to grow the business and enhance shareholder value.

During the year, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2022 of £4,810,000, 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).

The Company's dividend policy is described in the Directors' Report on page 64 of the 2023 Annual Report. At 31 March 2023, the Company's distributable reserves were £39.6 million (2022: £32.8 million).

## 10 Staff Costs

The staff costs shown below exclude key management compensation, which is shown separately below.

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Wages, salaries and bonuses	6,790	5,676
Social security costs	872	671
Pension costs	283	250
Share-based payments	835	956
	<b>8,780</b>	<b>7,553</b>

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

	31-MAR 2023	31-MAR 2022
Administration	94	86
Key management	3	3
	<b>97</b>	<b>89</b>

### Key management compensation

The remuneration of the statutory Directors who are the key management of the Group is set out below in aggregate for each of the key categories specified in IAS 24 "Related Party Disclosures".

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Short-term employee benefits	1,164	1,758
Post-employment benefits	4	4
Share-based payments	676	1,460
	<b>1,844</b>	<b>3,222</b>

In addition to the remuneration above, the Non-Executive Chairman and Non-Executive Directors have submitted invoices for their fees as follows:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Total fees	270	270

The Group incurred social security costs of £195,000 (2022: £277,000) on the remuneration of the Directors and Non-Executive Directors.

The remuneration of the highest paid Director was:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Total	424	644

The highest paid Director exercised nil share options in the period (2022: 553,078). There were 30,000 share options granted to the highest paid Director in the year (2022: 25,000).

## 11 Investments in Joint Ventures Accounted for using the Equity Method

	(£'000)
<b>At 1 April 2022</b>	-
Additions	6,765
Profit for the year after tax	160
Amortisation of intangible assets relating to joint ventures	(121)
Deferred tax credit on amortisation of intangible assets relating to joint ventures	18
Distributions of profit	(60)
<b>At 31 March 2023</b>	<b>6,762</b>

NAME OF JOINT VENTURE	NATURE OF BUSINESS	PRINCIPAL PLACE OF BUSINESS	CLASS OF SHARE	PERCENTAGE OWNED BY THE GROUP
8AM Global Limited	Investment Management	United Kingdom	Ordinary Shares	50.0%

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Non-current assets	35	-
Current assets	934	-
Non-current liabilities	-	-
Current liabilities	(502)	-
<b>Total equity</b>	<b>467</b>	-
Group's share of net assets	224	-
Goodwill and intangible assets	7,009	-
Deferred tax liability	(471)	-
<b>Carrying value held by the Group</b>	<b>6,762</b>	-
Profit for the year	320	-
<b>Group's share of profit for the year before amortisation</b>	<b>160</b>	-
Amortisation	(121)	-
<b>Group's share of profit for the year</b>	<b>39</b>	-

8AM Global Limited has a reporting date of 30 June. The net asset position shown in the table above is as at 31 March to align with the Group's own reporting.

## 12 Goodwill

	GOODWILL (£'000)
Cost and carrying value at 31 March 2022 and 31 March 2023	9,337

The carrying value of goodwill includes £9.0 million allocated to the Tatton operating segment and CGU. This is made up of £2.5 million arising from the acquisition in 2014 of an interest in Tatton Oak Limited by Tatton Capital Limited consisting of the future synergies and forecast profits of the Tatton Oak business, £2.0 million arising from the acquisition in 2017 of an interest in Tatton Capital Group Limited, £1.4 million of goodwill generated on the acquisition of Sinfonia and £3.1 million of goodwill generated on the acquisition of the Verbatim funds. The carrying value of goodwill also includes £0.4 million allocated to the Paradigm operating segment and CGU relating to the acquisition of Paradigm Mortgage Services LLP. Goodwill relating to 8AM Global Limited is shown within the Investments in Joint Ventures (see note 11).

None of the goodwill is expected to be deductible for income tax purposes.

### 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 Statement of Total Comprehensive Income.

### Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's operating companies which represent 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 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 reviewed the carrying value of goodwill at 31 March 2023 and do not consider it to be impaired.

### Growth rates

The value in use is calculated from cash flow projections based on the Group's forecasts for the year ending 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. A terminal growth rate has been applied to year five cash flows.

### 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 and its industry.

The headroom compared to the carrying value of goodwill as at 31 March 2023 is £390 million (2022: £380 million). 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.

## 13 Intangible Assets

	COMPUTER SOFTWARE (£'000)	CLIENT RELATIONSHIPS (£'000)	BRAND (£'000)	TOTAL (£'000)
<b>Cost</b>				
Balance at 31 March 2021	819	1,196	-	2,015
Additions	211	-	-	211
Acquired as part of a business combination	-	2,838	98	2,936
Disposals	(24)	-	-	(24)
Balance at 31 March 2022	1,006	4,034	98	5,138
Additions	229	-	-	229
<b>Balance at 31 March 2023</b>	<b>1,235</b>	<b>4,034</b>	<b>98</b>	<b>5,367</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 31 March 2021	(399)	(180)	-	(579)
Charge for the period	(270)	(261)	(5)	(536)
Disposals	24	-	-	24
Balance at 31 March 2022	(645)	(441)	(5)	(1,091)
Charge for the period	(247)	(404)	(10)	(661)
<b>Balance at 31 March 2023</b>	<b>(892)</b>	<b>(845)</b>	<b>(15)</b>	<b>(1,752)</b>
<b>Net book value</b>				
As at 31 March 2021	420	1,016	-	1,436
As at 31 March 2022	361	3,593	93	4,047
<b>As at 31 March 2023</b>	<b>343</b>	<b>3,189</b>	<b>83</b>	<b>3,615</b>

All amortisation charges are included within administrative expenses in the Statement of Total Comprehensive Income.

## 14 Property, Plant and Equipment

	COMPUTER, OFFICE EQUIPMENT AND MOTOR VEHICLES (£'000)	FIXTURES AND FITTINGS (£'000)	RIGHT-OF-USE ASSETS - BUILDINGS AND MOTOR VEHICLES (£'000)	TOTAL (£'000)
<b>Cost</b>				
Balance at 31 March 2021	432	477	931	1,840
Additions	74	-	60	134
Disposals	(161)	-	-	(161)
Balance at 31 March 2022	345	477	991	1,813
Additions	86	3	-	89
Disposals	(77)	-	-	(77)
<b>Balance at 31 March 2023</b>	<b>354</b>	<b>480</b>	<b>991</b>	<b>1,825</b>
<b>Accumulated depreciation and impairment</b>				
Balance at 31 March 2021	(327)	(207)	(314)	(848)
Charge for the period	(73)	(95)	(209)	(377)
Disposals	161	-	-	161
Balance at 31 March 2022	(239)	(302)	(523)	(1,064)
Charge for the period	(72)	(96)	(216)	(384)
Disposals	77	-	-	77
<b>Balance at 31 March 2023</b>	<b>(234)</b>	<b>(398)</b>	<b>(739)</b>	<b>(1,371)</b>
<b>Net book value</b>				
As at 31 March 2021	105	270	617	992
As at 31 March 2022	106	175	468	749
<b>As at 31 March 2023</b>	<b>120</b>	<b>82</b>	<b>252</b>	<b>454</b>

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

The Group leases buildings, motor vehicles and IT equipment. The Group has applied the practical expedient for low value assets and so has not recognised IT equipment within ROU assets. The average lease term is five years. No leases have expired in the current financial period.

### Right-of-use assets

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Amounts recognised in profit and loss		
Depreciation on right-of-use assets	(216)	(209)
Interest expense on lease liabilities	(14)	(23)
Expense relating to short-term leases	(59)	(30)
Expense relating to low value assets	-	-
	<b>(289)</b>	<b>(262)</b>

At 31 March 2023, the Group is committed to £80,000 for short-term leases (2021: £62,000).

The total cash outflow for leases amounts to £339,000 (2022: £339,000).



## 15 Trade and Other Receivables

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Trade receivables	278	329
Prepayments and accrued income	3,457	3,442
Other receivables	47	34
	<b>3,782</b>	<b>3,805</b>

All trade receivable amounts are short term. The carrying value 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. At 31 March 2023, the Group holds no provisions (2022: £1,311,000 against the recoverability of amounts due from Jargonfree Benefits LLP).

Trade receivable amounts are all held in sterling.

## 16 Trade and Other Payables

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Trade payables	397	855
Amounts due to related parties	234	235
Accruals	3,301	3,468
Deferred income	138	98
Contingent consideration	2,989	2,486
Other payables	3,106	3,161
	<b>10,165</b>	<b>10,303</b>
Less non-current portion:		
Contingent consideration	(2,209)	(2,486)
Other payables	(45)	(261)
Total non-current trade and other payables	<b>(2,254)</b>	<b>(2,747)</b>
Total current trade and other payables	<b>7,911</b>	<b>7,556</b>

The carrying values of trade payables, amounts due to related parties, accruals and deferred income are considered reasonable approximation of fair value.

Trade payable amounts are all held in sterling.

## 17 Deferred Taxation

	DEFERRED CAPITAL ALLOWANCES (£'000)	SHARE-BASED PAYMENTS (£'000)	ACQUISITION INTANGIBLES (£'000)	TOTAL (£'000)
Asset/(liability) at 31 March 2021	(101)	1,714	(193)	1,420
Recognised as part of a business combination	-	-	(708)	(708)
Income statement (charge)/credit	38	(70)	5	(27)
Equity credit	-	156	-	156
<b>Asset/(liability) at 31 March 2022</b>	<b>(63)</b>	<b>1,800</b>	<b>(896)</b>	<b>841</b>
Income statement credit/(charge)	49	251	99	399
Equity credit	-	18	-	18
<b>Asset/(liability) at 31 March 2023</b>	<b>(14)</b>	<b>2,069</b>	<b>(797)</b>	<b>1,258</b>

## 18 Financial Instruments

The Group's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the Group's requirements. The Group uses financial instruments comprising borrowings, cash and items such as trade receivables and payables that arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risks, credit risks and liquidity risks. The Board reviews policies for managing each of these risks and they are summarised below.

The Group finances its operations through a combination of cash resource and other borrowings.

### 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)

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Financial investments in regulated funds or model portfolios	123	152

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 2021	-
Recognition of contingent consideration as part of a business combination	2,486
<b>Balance at 31 March 2022</b>	<b>2,486</b>
Recognition of contingent consideration as part of a business combination	2,926
Unwinding of discount rate	228
Changes in fair value of contingent consideration	(2,651)
<b>Balance at 31 March 2023</b>	<b>2,989</b>

### Interest rate risk

The Group finances its operations through a combination of retained profits and a bank facility which currently remains undrawn. The Group would have an exposure to interest rate risk should this facility be drawn as it has a floating rate above the base rate. The Group's cash and cash equivalents balance of £26,494,000 was its only financial instrument subject to variable interest rate risk. The impact of a 0.1% increase or decrease in interest rate on the post-tax profit is not material to the Group. At 31 March 2023, total borrowings were £nil (2022: £nil).

### Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Group by failing to discharge its obligation to the Group. The financial instruments are considered to have a low credit risk due to the mitigating procedures in place. The Group manages its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty, and employs strict minimum creditworthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

CLASSES OF FINANCIAL ASSETS – CARRYING AMOUNTS:	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Cash and cash equivalents	26,494	21,710
Trade and other receivables	2,938	3,016
<b>Total</b>	<b>29,432</b>	<b>24,726</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with credit worthy counterparties.

The Group's management consider that all of the above financial assets that are not impaired or past due for each of the 31 March reporting dates under review are of good credit quality.

At 31 March, the Group had certain trade receivables that had not been settled by the contractual date but were not considered to be impaired. The amounts at 31 March, analysed by the length of time past due, are:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Not more than 3 months	233	267
More than 3 months but not more than 6 months	30	5
More than 6 months but not more than 1 year	6	27
More than 1 year	8	5
<b>Total</b>	<b>277</b>	<b>304</b>

Trade receivables consist of a large number of customers within the UK. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good. The Group has rebutted the presumption in paragraph 5.5.11 of IFRS 9 that credit risk increases significantly when contractual payments are more than 30 days past due.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Liquidity risk

Liquidity risk is the risk that companies within the Group will encounter difficulty in meeting obligations associated with financial liabilities. To counter this risk, the Group operates with a high level of interest cover relative to its net asset value and no debt. In addition, it benefits from strong cash flow from its normal trading activities. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day to day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

The totals for each category of financial instruments, measured in accordance with IFRS 9 and IFRS 7 as detailed in the accounting policies to this historical financial information, are as follows:

At 31 March 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

AT 31 MARCH 2023	CURRENT		NON-CURRENT	
	WITHIN 6 MONTHS (£'000)	6 TO 12 MONTHS (£'000)	1 TO 5 YEARS (£'000)	LATER THAN 5 YEARS (£'000)
Trade and other payables	6,775	-	-	-
Lease liabilities	134	88	46	-
Contingent consideration	807	-	2,527	-
<b>Total</b>	<b>7,716</b>	<b>88</b>	<b>2,573</b>	<b>-</b>

## 18 Financial Instruments continued

This compares with the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

AT 31 MARCH 2022	CURRENT		NON-CURRENT	
	WITHIN 6 MONTHS (£'000)	6 TO 12 MONTHS (£'000)	1 TO 5 YEARS (£'000)	LATER THAN 5 YEARS (£'000)
Trade and other payables	7,203	-	-	-
Lease liabilities	135	135	269	-
Contingent consideration	-	-	2,856	-
<b>Total</b>	<b>7,338</b>	<b>135</b>	<b>3,125</b>	<b>-</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

### Market risk

The Group has made investments in its own managed funds and portfolios and the value of these investments is subject to equity market risk, being the risk that changes in equity prices will affect the Group's income or the value of its holdings of financial instruments. If equity prices had been 5% higher/lower, the impact on the Group's Statement of Comprehensive Income would be £6,000 higher/lower due to changes in the fair value of financial assets at fair value through profit or loss.

## 19 Share Capital

	NUMBER
<b>Authorised, called-up and fully paid £0.20 ordinary shares</b>	
At 1 April 2022	58,914,887
Issue of share capital on exercise of employee share options	263,098
Issue of share capital on purchase of a joint venture	877,737
<b>At 31 March 2023</b>	<b>60,055,722</b>

Each share in Tatton Asset Management plc carries one vote and the right to a dividend.

## 20 Own Shares

The following movements in own shares occurred during the year:

	NUMBER OF SHARES	£'000
At 1 April 2022	-	-
Acquired in the year	139,500	28
Utilised on exercise of employee share options	(139,500)	(28)
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>

Own shares represent the cost of the Company's own shares, either purchased in the market or issued by the Company, that are held by an EBT to satisfy future awards under the Group's share-based payment schemes (note 21). Following the exercise of employee share options during the year, there are no shares held in the EBT at 31 March 2023 (2022: nil).

## 21 Share-Based Payments

During the year, a number of share-based payment schemes and share options schemes have been utilised by the Company, described under 21.1 Current schemes, below.

### 21.1 Current 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. 3,022,733 options with a weighted average exercise price of £1.89 were granted, exercisable in July 2020. There have been nil (2022: 650,933) options exercised during the period from this scheme.

The scheme was extended on 8 August 2018, with 1,720,138 zero cost options granted. This scheme vested in August 2021 and 50,000 options were exercised in the period (2022: 1,090,770). The scheme was extended again on 1 August 2019, 28 July 2020, 15 July 2021 and 25 July 2022, with 193,000, 1,000,000, 279,858 and 274,268 zero cost options granted in each respective year. These options are exercisable on the third anniversary of the grant date.

The options granted in 2019 vested and became exercisable in August 2022. There have been 139,500 options exercised during the period from this scheme.

A total of 2,804,439 options remain outstanding at 31 March 2023, 1,256,668 of which are currently exercisable. 6,355 options were forfeited in the period (2022: 30,000).

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 2021	4,386,070	0.66
Granted during the period	279,858	-
Exercised during the period	(1,741,703)	0.71
Forfeited during the period	(30,000)	-
Lapsed during the period	(168,199)	-
Outstanding at 31 March 2022	2,726,026	0.60
Exercisable at 31 March 2022	1,294,668	1.27
Outstanding at 1 April 2022	2,726,026	0.60
Granted during the period	274,268	-
Exercised during the period	(189,500)	-
Forfeited during the period	(6,355)	-
Lapsed during the period	-	-
<b>Outstanding at 31 March 2023</b>	<b>2,804,439</b>	<b>0.59</b>
<b>Exercisable at 31 March 2023</b>	<b>1,256,668</b>	<b>1.31</b>

#### (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 and 4 August 2022, the Group launched all employee Sharesave schemes for options over shares in Tatton Asset Management plc, administered by Yorkshire Building Society. Employees are able to save between £10 and £500 per month over a 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 2019 TAM Sharesave scheme vested in August 2022 and 73,599 share options became exercisable. Over the life of the 2020 TAM Sharesave scheme, it is estimated that, based on current savings rates, 109,504 share options will be exercisable at an exercise price of £2.29. Over the life of the 2021 TAM Sharesave scheme, it is estimated that, based on current savings rates, 40,880 share options will be exercisable at an exercise price of £3.60. Over the life of the 2022 TAM Sharesave scheme, it is estimated that, based on current savings rates, 55,147 share options will be exercisable at an exercise price of £3.26. During the period, 73,599 options have been exercised.

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 21.2 and 21.3 below respectively.

	NUMBER OF SHARE OPTIONS GRANTED (NUMBER)	WEIGHTED AVERAGE PRICE (£)
Outstanding at 1 April 2021	101,849	1.81
Granted during the period	77,868	2.28
Exercised during the period	(5,924)	2.22
Forfeited during the period	(59,276)	1.86
Outstanding at 31 March 2022	114,517	2.14
Exercisable at 31 March 2022	-	-
Outstanding at 1 April 2022	114,517	2.14
Granted during the period	60,538	2.53
Forfeited during the period	(6,361)	2.66
Exercised during the period	(73,599)	1.79
<b>Outstanding at 31 March 2023</b>	<b>95,095</b>	<b>2.57</b>
<b>Exercisable at 31 March 2023</b>	<b>-</b>	<b>-</b>

## 21 Share-Based Payments continued

### 21.2 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			
	2022	2021	2020	2019	2022	2021	2020	2019
Share price at grant (£)	4.03	4.60	2.84	2.12	4.25	4.80	2.85	2.14
Exercise price (£)	-	-	-	-	3.26	3.60	2.29	1.79
Expected volatility (%)	34.05	33.76	34.80	30.44	34.05	33.76	34.80	30.44
Expected life (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Risk free rate (%)	1.71	0.24	(0.06)	0.35	1.71	0.12	(0.06)	0.35
Expected dividend yield (%)	3.11	2.39	3.38	3.96	3.11	2.39	3.38	3.96

### 21.3 IFRS 2 share-based option costs

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
TAM EMI scheme	1,446	2,347
TAM Sharesave scheme	65	52
	1,511	2,399

The Consolidated Statement of Cash Flows shows an adjustment to Net cash from operating activities relating to share based payments of £1,420,000. This is a charge in the year of £1,511,000 adjusted for cash paid relating to national insurance contributions on the exercise of share options of £91,000

## 22 Related Party Transactions

### Ultimate controlling party

The Directors consider there to be no ultimate controlling party.

### Relationships

The Group has trading relationships with the following entities in which Paul Hogarth, a Director, has a beneficial interest:

ENTITY	NATURE OF TRANSACTIONS
Paradigm Investment Management LLP	The Group incurs finance charges.
Suffolk Life Pensions Limited	The Group pays lease rental payments on an office building held in a pension fund by Paul Hogarth.

### Related party balances

	TERMS AND CONDITIONS	2023		2022	
		VALUE OF INCOME/ (COST) (£'000)	BALANCE RECEIVABLE/ (PAYABLE) (£'000)	VALUE OF INCOME/ (COST) (£'000)	BALANCE RECEIVABLE/ (PAYABLE) (£'000)
Paradigm Investment Management LLP	Repayment on demand	-	(234)	-	(235)
Suffolk Life Pensions Limited	Payable in advance	(61)	-	(60)	-
Hermitage Holdings (Wilmslow) Limited	Repayment on demand	(12)	1	(13)	-

Balances with related parties are non-interest bearing.

### Key management personnel remuneration

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to key management personnel is as disclosed in note 10.

## 23 Alternative Performance Measures (“APMs”)

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, changes in the fair value of contingent consideration and amortisation of acquisition-related intangibles. 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 2.25.
Adjusted profit before tax before separately disclosed items	Profit before tax	Exceptional items, share-based payments, changes in the fair value of contingent consideration and amortisation of acquisition-related intangibles. 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 2.25.
Adjusted earnings per share – Basic	Earnings per share – Basic	Exceptional items, share-based payments, changes in the fair value of contingent consideration and amortisation of acquisition-related intangibles and the tax thereon. See note 9.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.25.
Adjusted earnings per share – Diluted	Earnings per share – Diluted	Exceptional items, share-based payments and amortisation of acquisition-related intangibles, changes in the fair value of contingent consideration, unwinding of discounts on deferred consideration and the tax thereon. The dilutive shares for this measure assume that all contingently issuable shares will fully vest. See note 9.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.25.
Net cash generated from operations before separately disclosed items	Net cash generated from operations	Exceptional items, share-based payments, changes in the fair value of contingent consideration and amortisation of acquisition-related intangibles. See note 6.	Net cash generated from operations before exceptional costs. To show underlying cash performance. See also note 2.25.

## 23 Alternative Performance Measures (“APMs”) 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, and is a measure of the value of the customer base. Movements in this base are an indication of our participation in 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 lending, member firms and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Dividend cover	None	Not applicable	Dividend cover (being the ratio of the proposed final dividend against diluted earnings per share before exceptional items and share-based charges) demonstrates the Group’s ability to pay the proposed dividend.
Dividend yield	None	Not applicable	Dividend yield represents the percentage of the Company’s share price at the financial year end paid out as dividends for the relevant financial year.
CAGR in AUM and CAGR in Tatton firm numbers	None	Not applicable	The Cumulative Annual Growth Rate in AUM and Tatton firm numbers since the Group listed on the AIM Stock exchange in July 2017.
Average annual net inflows	None	Not applicable	The average annual net inflows since the Group listed on the AIM stock exchange in July 2017.

### 24 Post Balance Sheet Events

There have been no post balance sheet events.

### 25 Capital Commitments

At 31 March 2023, the Directors confirmed there were no capital commitments (2022: none) for capital improvements.

### 26 Contingent Liabilities

At 31 March 2023, the Directors confirmed there were no contingent liabilities (2022: none).



COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023

	NOTE	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
<b>Non-current assets</b>			
Investments in subsidiaries	6	77,216	77,216
Investments in joint ventures	5	6,762	-
Property, plant and equipment		14	11
<b>Total non-current assets</b>		<b>83,992</b>	<b>77,227</b>
<b>Current assets</b>			
Trade and other receivables	12	11,158	12,214
Cash and cash equivalents	13	12,293	10,204
<b>Total current assets</b>		<b>23,451</b>	<b>22,418</b>
<b>Total assets</b>		<b>107,443</b>	<b>99,645</b>
<b>Current liabilities</b>			
Trade and other payables	14	(2,857)	(2,461)
<b>Total current liabilities</b>		<b>(2,857)</b>	<b>(2,461)</b>
<b>Non-current liabilities</b>			
Contingent consideration	14	(962)	-
Deferred tax liability	16	(3)	(2)
<b>Total non-current liabilities</b>		<b>(965)</b>	<b>(2)</b>
<b>Total liabilities</b>		<b>(3,822)</b>	<b>(2,463)</b>
<b>Net assets</b>		<b>103,621</b>	<b>97,182</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	12,011	11,783
Share premium account		15,259	11,632
Own shares	11	-	-
Merger reserve		67,316	67,316
Joint venture reserve		(21)	-
Retained earnings		9,056	6,451
<b>Total equity</b>		<b>103,621</b>	<b>97,182</b>

The Company generated a profit of £8,991,000 during the financial year (2022: profit of £8,017,000).

The financial statements were approved by the Board of Directors on 12 June 2023 and were signed on its behalf by:

**PAUL EDWARDS**  
DIRECTOR

Company registration number: 10634323

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023

	SHARE CAPITAL (£'000)	SHARE PREMIUM (£'000)	OWN SHARES (£'000)	MERGER RESERVE (£'000)	JOINT VENTURE RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL EQUITY (£'000)
At 1 April 2021	11,578	11,534	(1,969)	67,316	-	4,558	93,017
Profit and total comprehensive income	-	-	-	-	-	8,017	8,017
Dividends	-	-	-	-	-	(6,641)	(6,641)
Share-based payments	-	-	-	-	-	2,679	2,679
Deferred tax on share-based payments	-	-	-	-	-	-	-
Issue of share capital on exercise of employee share options	205	98	-	-	-	-	303
Own shares acquired in the year	-	-	(193)	-	-	-	(193)
Own shares utilised on exercise of options	-	-	2,162	-	-	(2,162)	-
At 31 March 2022	11,783	11,632	-	67,316	-	6,451	97,182
Profit and total comprehensive income	-	-	-	-	39	8,952	8,991
Dividends	-	-	-	-	-	(7,714)	(7,714)
Share-based payments	-	-	-	-	-	1,307	1,307
Issue of share capital on exercise of employee share options	52	117	-	-	-	-	170
Own shares acquired in the year	-	-	(28)	-	-	-	(28)
Own shares utilised on exercise of options	-	-	28	-	-	-	28
Transfers	-	-	-	-	(60)	60	-
Issue of share capital on acquisition	176	3,510	-	-	-	-	3,686
<b>At 31 March 2023</b>	<b>12,011</b>	<b>15,259</b>	<b>-</b>	<b>67,316</b>	<b>(21)</b>	<b>9,056</b>	<b>103,621</b>

The merger reserve was created on 19 June 2017 when the Group was formed, where the difference between the Company's capital and the acquired Group's capital has been recognised as a component of equity being the merger reserve. The merger reserve is non-distributable. The joint venture reserve represents the Group's share of post-tax profits yet to be received (for example, in the form of dividends or distributions), less amortisation of related intangible assets.

## 1 Authorisation of Financial Statements and Statement of Compliance with FRS 101

The financial statements of Tatton Asset Management plc for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 12 June 2023. Tatton Asset Management plc is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”) and in accordance with applicable accounting standards. The Company’s financial statements are presented in sterling.

These financial statements have been prepared on a going concern basis and on the historical cost basis. The principal accounting policies adopted by the Company are set out in note 2.

## 2 Accounting Policies

### 2.1 Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement in paragraph 38 of IAS 1 “Presentation of Financial Statements” to present comparative information in respect of:
  - 1) Paragraph 79(a)(IV) of IAS 1 and
  - 2) Paragraph 73(e) of IAS 16 “Property, Plant and Equipment”;
- b) the requirements of paragraphs 10(d), and 134–136 of IAS 1 “Presentation of Financial Statements” and the requirements of IAS 7 “Statement of Cash Flows”;
- c) the requirements of paragraphs 30 and 31 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- d) the requirements of paragraph 17 of IAS 24 “Related Party Disclosures”;
- e) the requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- f) the disclosure requirements of IFRS 7 “Financial Instruments: Disclosures”.

### 2.2 Investments

All investments are initially recorded at cost, being the fair value of consideration given including the acquisition costs associated with the investment. Subsequently, they are reviewed for impairment on an individual basis if events or changes in circumstances indicate the carrying value may not be fully recoverable.

### 2.3 Joint ventures

Joint ventures are entities in which the Company has an investment where it, along with one or more other shareholders, has contractually agreed to share control of the business and where the major decisions require the unanimous consent of the joint partners. The Company initially records the investment at the fair value of the purchase consideration. The Company’s income statement reflects its share of the entity’s profit or loss after tax and amortisation of intangible assets.

The Statement of Financial Position subsequently records the Company’s share of the net assets of the entity plus any goodwill and intangible assets that arose on purchase less subsequent amortisation. The Statement of Changes in Equity records the Company’s share of other equity movements of the entity. At each reporting date, the Company applies judgement to determine whether there is any indication that the carrying value of joint ventures may be impaired.

The joint ventures reserve in the Statement of Changes in Equity represents the Company’s share of profits in its investments yet to be received (for example, in the form of dividends or distributions), less any amortisation of intangible assets. Certain associates are held within financial assets at fair value through profit or loss where permitted by the accounting standards (see note 5). Information about the Company’s principal associates measured at fair value is disclosed within this note.

### 2.4 Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

### 2.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

## 2 Accounting Policies continued

### 2.6 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, where applicable or required. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid.

### 2.7 Cash and cash equivalents

Cash and cash equivalents comprise long- and short-term deposits held with banks by the Company, and are subject to insignificant risk of changes in value.

### 2.8 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model or Monte Carlo model as appropriate.

### 2.9 Interest income and interest expense

Finance income is recognised as interest accrued (using the effective interest method) on funds invested outside the Company. Finance expense includes the cost of borrowing from third parties and is recognised on an effective interest rate basis, resulting from the financial liability being recognised on an amortised cost basis.

### 2.10 Taxation

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Total Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences where it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary difference and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax is charged or credited in the Statement of Total Comprehensive Income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2.11 Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a Board meeting prior to the reporting date.

## 2.12 Retirement benefit costs

The Company pays into a personal pension plan for which the amount charged to income in respect of pension costs and other post-retirement benefits is the amount of the contributions payable in the year. Payments to the defined contribution retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions. Differences between contributions payable and paid are accrued or prepaid. The assets of the plans are invested and managed independently of the finances of the Company.

## 3 Operating Profit

The following items have been included in arriving at the operating profit for continuing operations:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Share-based payment charges (note 10)	1,511	2,399

Share-based payment charges relate to the provision made in accordance with IFRS 2 "Share-based Payment" following the issue of share options to employees.

## 4 Services Provided by the Company's Auditor

During the period, the Company obtained the following services provided by the Company's auditor at the costs detailed below:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Audit of the statutory financial statements of TAM plc	121	72
<b>Services provided by the Company's auditor:</b>		
Non-audit services	-	13

## 5 Investments in Joint Ventures Accounted for using the Equity Method

	(£'000)
<b>At 1 April 2022</b>	-
Additions	6,765
Profit for the year after tax	160
Amortisation of intangible assets relating to the joint ventures	(121)
Deferred tax relating to joint ventures	18
Distributions of profit	(60)
<b>At 31 March 2023</b>	6,762

NAME OF JOINT VENTURE	NATURE OF BUSINESS	PRINCIPAL PLACE OF BUSINESS	CLASS OF SHARE	PERCENTAGE OWNED BY THE GROUP
8AM Global Limited	Investment Management	United Kingdom	Ordinary Shares	50.0%

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Non-current assets	35	-
Current assets	934	-
Current liabilities	(502)	-
<b>Total equity</b>	467	-
Group's share of net assets	224	-
Goodwill and intangible assets	7,009	-
Deferred tax liability	(471)	-
<b>Carrying value held by the Group</b>	6,762	-
Profit for the year	320	-
<b>Group's share of profit for the year before amortisation</b>	160	-
Amortisation	(121)	-
<b>Group's share of profit for the year</b>	39	-

8AM Global Limited has a reporting date of 30 June. The net asset position shown in the table above is as at 31 March to align with the Company's own reporting.

## 6 Investments in Subsidiaries

	£'000
Cost and net book value at 1 April 2021, 31 March 2022 and 31 March 2023	77,216

The principal investments comprise shares at cost in the following companies:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	HOLDING	DIRECT/INDIRECT
Nadal Newco Limited	United Kingdom	100%	Direct
Paradigm Partners Limited	United Kingdom	100%	Indirect
Paradigm Mortgage Services LLP	United Kingdom	100%	Indirect
Tatton Capital Group Limited*	United Kingdom	100%	Indirect
Tatton Capital Limited	United Kingdom	100%	Indirect
Tatton Investment Management Limited	United Kingdom	100%	Indirect
Tatton Oak Limited*	United Kingdom	100%	Indirect
Tatton Crown Investments Limited*	United Kingdom	100%	Indirect
Sinfonia Asset Management Limited*	United Kingdom	100%	Indirect

\* Indicates that this subsidiary is entitled to exemption from audit under section 479A of the Companies Act 2006 for the year ending 31 March 2023.

All entities above are included within the consolidated financial statements for TAM plc and all have the same registered address as the Company.

## 7 Directors and Employees

The average number of persons employed by the Company (including Directors) during each year was as follows:

	31-MAR 2023 NUMBER	31-MAR 2022 NUMBER
Administration	15	13
	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Wages, salaries and bonuses	1,717	1,708
Social security costs	211	228
Pension costs	26	19
Share-based payment charges	1,511	2,399
	<b>3,465</b>	<b>4,354</b>

The remuneration of the highest paid Director was:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Total	424	644

## 8 Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party.

## 9 Dividend Paid and Proposed

During the year, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2022 of £4,811,000 representing a payment of 8.5p per share. In addition, the Company paid an interim dividend of £2,903,000 (2022: £2,357,000) to its equity shareholders. This represents a payment of 4.5p per share (2022: 4.0p per share).

In addition, the Directors are proposing a final dividend in respect of the financial year ended 31 March 2023 of 10.0p (2022: 8.5p) per share which will absorb an estimated £6 million (2022: £5 million) of shareholders' funds. It will be paid on 15 August 2023 to shareholders who are on the register of members on 7 July 2023.

## 10 Share-Based Payments

Details of share-based payments are shown in note 21 to the consolidated financial statements.

## 11 Own Shares

Details of own shares are shown in note 20 to the consolidated financial statements.

## 12 Trade and Other Receivables

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Amounts due from related parties	10,562	11,420
Prepayments and accrued income	475	690
Other debtors	121	104
	<b>11,158</b>	<b>12,214</b>

All trade receivable amounts are short term. All of the Company's trade and other receivables have been reviewed for indicators of impairment and, where necessary, a provision for impairment made. The carrying value is considered a fair approximation of their fair value. At 31 March 2021, Tatton Asset Management plc made full provision of £60,000 against the recoverability of amounts due from a related party, Jargonfree Benefits LLP. This provision was released against the write-off of the debt balance in the year. There has been no other provision made for impairment of receivable balances (2022: £nil).

Trade receivable amounts are all held in sterling.

## 13 Cash and Cash Equivalents

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Cash at bank	12,293	10,204

## 14 Trade and Other Payables

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Trade payables	23	505
Amounts due to related parties	754	122
Accruals	1,979	1,834
Contingent consideration	1,063	-
	<b>3,819</b>	<b>2,461</b>
Less non-current portion:		
Contingent consideration	962	-
<b>Total non-current trade and other payables</b>	<b>962</b>	<b>-</b>
<b>Total current trade and other payables</b>	<b>2,857</b>	<b>2,461</b>

The carrying values of trade payables, amounts due to related parties, accruals and deferred income are considered reasonable approximation of fair value.

Trade payable amounts are all held in sterling.

## 15 Equity

	NUMBER
<b>Authorised, called-up and fully paid £0.20 ordinary shares</b>	
At 1 April 2022	58,914,887
Issue of share capital on exercise of employee share options	263,098
Issue of share capital on purchase of a joint venture	877,737
<b>At 31 March 2023</b>	<b>60,055,722</b>

Each share in Tatton Asset Management plc carries one vote and the right to a dividend.

## 16 Deferred Taxation

	DEFERRED CAPITAL ALLOWANCES (£'000)	TOTAL (£'000)
Liability at 31 March 2021	-	-
Income statement charge	(2)	(2)
Liability at 31 March 2022	(2)	(2)
Income statement charge	(1)	(1)
<b>Liability at 31 March 2023</b>	<b>(3)</b>	<b>(3)</b>

## 17 Contingent Liabilities

At 31 March 2023, the Directors confirmed there were no contingent liabilities (2022: none).

## 18 Capital Commitments

At 31 March 2023, the Directors confirmed there were no capital commitments (2022: none) for capital improvements.

## 19 Operating Lease Commitments

The Company as lessee had minimum lease payments under non-cancellable operating leases as set out below:

	31-MAR 2023 (£'000)	31-MAR 2022 (£'000)
Not later than one year	60	60
Later than one year but not later than five years	41	101
Later than five years	-	-
	<b>101</b>	<b>161</b>

## 20 Related Party Transactions

The Company has taken advantage of the exemption under paragraph 8(K) of FRS 101 not to disclose transactions with entities that are wholly owned subsidiaries of TAM plc. There are no other related party transactions other than those that have been disclosed in note 22 to the consolidated financial statements.

### 20.1 Transactions with key management personnel

Other than the Directors and Officers of the Group (see note 22 to the consolidated financial statements), no other key management personnel have been identified.

## 21 Events After the Reporting Period

There have been no material post balance sheet events.







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