

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under FSMA.**

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence at 8.00 a.m. on 6 July 2017. The Existing Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any other such exchange.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules published by London Stock Exchange plc, to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor the London Stock Exchange plc has itself examined or approved the contents of this document.**

Prospective investors should read the whole text of this Document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This Document, which is drawn up as an AIM admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This Document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this Document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the FCA pursuant to section 85 of FSMA. Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital, 82 King Street, Manchester M2 4WQ and the registered office of the Company, Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND from the date of this Document until one month from the date of Admission in accordance with the AIM Rules. A copy of this Document will also be available from the Company's website at [www.tattonassetmanagement.com](http://www.tattonassetmanagement.com).

The Directors and the Proposed Directors, whose names appear on page 7 of this Document, and the Company accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **Tatton Asset Management plc**

*(a company incorporated in England and Wales under the Companies Act 2006 with company number 10634323)*

### **Placing of 6,410,256 New Ordinary Shares and 26,679,075 Existing Ordinary Shares at 156 pence per Ordinary Share**

**and**

### **Admission to trading on AIM**

### **Nominated Adviser and Broker:**

***Zeus Capital***

### **Enlarged Share Capital immediately following Admission**

<i>Number</i>	<i>Issued and fully paid</i>	<i>Amount £</i>
55,907,513	ordinary shares of £0.20 each	11,181,503

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The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 6 July 2017 (or such later date as the Company and Zeus Capital may agree, being not later than 8.00 a.m. on 20 July 2017). The Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Enlarged Share Capital to be admitted to the Official List or to any other recognised investment exchange.

Zeus Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document. No representation or warranty, express or implied, is made by Zeus Capital as to any of the contents of this Document (without limiting the statutory rights of any person to whom this

Document is issued). Zeus Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital or for providing advice in relation to the contents of this Document or any other matter.

Without limiting the statutory rights of any person to whom this Document is issued, no representation or warranty, express or implied, is made by Zeus Capital as to the contents of this Document. No liability whatsoever is accepted by Zeus Capital for the accuracy of any information or opinions contained in this Document, for which the Directors and Proposed Directors are solely responsible, or for the omission of any information from this Document for which it is not responsible.

In accordance with the AIM Rules for Nominated Advisers, Zeus Capital has confirmed to London Stock Exchange plc that it has satisfied itself that the Directors and Proposed Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Zeus Capital for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or from, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this Document outside the UK may be restricted by law. No action has been taken by the Company or Zeus Capital that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

## IMPORTANT INFORMATION

In deciding whether or not to invest in the Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Proposed Directors or Zeus Capital. Neither the delivery of this Document nor any subscription or purchase made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Risk Factors set out in Part II of this Document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Document are based on the laws and practices currently in force in England and Wales and are subject to changes therein.

This Document should be read in its entirety before making any investment in the Company.

### Forward looking statements

Certain statements contained in the Document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the

result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

### **Presentation of financial information**

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-IFRS measures such as operating profit before finance costs, taxation, depreciation, amortisation and exceptional one-off costs ("EBITDA") have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider EBITDA as an alternative for Revenue or Operating Profit which are IFRS measures. Additionally, the Company's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

References to 'pro forma adjusted operating profit' in this Document means IFRS Operating Profit sourced directly from the Historical Financial Information in Part III of this Document, adjusted to remove the impact of exceptional and non-recurring items set out in note 9 to the Historical Financial Information together with the adjustment shown in the financial information set out in Section 8 of Part I of this Document.

### **No Incorporation of Website**

The contents of the Company's website (or any other website) do not form part of this Document.

### **General notice**

This Document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

This Document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this Document (either in whole or in part) without the prior written consent of the Company and Zeus Capital is prohibited.

### **Governing law**

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

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## KEY STATISTICS

### Existing share capital at the date of this Document

Number of Existing Ordinary Shares	49,497,257
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### Placing

Placing Price	156p
Number of Placing Shares	33,089,331
Number of New Ordinary Shares being placed by the Company	6,410,256
Number of Existing Ordinary Shares being sold by the Selling Shareholders	26,679,075
Percentage of Enlarged Share Capital being placed pursuant to the Placing	59.2%
Gross proceeds of the Placing receivable by the Company	£10.0 million
Estimated net proceeds of the Placing receivable by the Company	£8.1 million
Gross proceeds of the Placing receivable by the Selling Shareholders	£41.6 million
Estimated net proceeds of the Placing receivable by the Selling Shareholders	£40.0 million

### Upon Admission

Number of Ordinary Shares in issue at Admission	55,907,513
Estimated market capitalisation of the Company at Admission <sup>(1)</sup>	£87.2 million
TIDM	TAM.L
ISIN number	GB00BYX1P358
SEDOL number	BYX1P35
Website	<a href="http://www.tattonassetmanagement.com">www.tattonassetmanagement.com</a>

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#### Notes

(1) Calculated by reference to the Placing Price

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2017</i>
Publication of this Document	23 June
Admission and commencement of dealings in the Existing Ordinary Shares and the Placing Shares on AIM	6 July
CREST accounts credited (where applicable)	6 July
Despatch of definitive share certificates (where applicable), by	20 July

## DIRECTORS, SECRETARY AND ADVISERS

Directors:	Paul Henry Hogarth ( <i>Chief Executive Officer</i> ) Lothar Alfred Mentel ( <i>Chief Investment Officer</i> ) Noel James Stubley ( <i>Chief Financial Officer</i> )
Proposed Directors:	Roger Courtenay Cornick ( <i>Non-Executive Chairman</i> ) Christopher (Chris) David Poil ( <i>Non-Executive Director</i> )  All of whose business address is Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
Registered Office:	Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
Company Secretary:	Noel Stubley
Company website:	<a href="http://www.tattonassetmanagement.com">www.tattonassetmanagement.com</a>
Nominated Adviser and Broker:	Zeus Capital Limited 82 King Street Manchester M2 4WQ and 41 Conduit Street London W1S 2YQ
Auditors and Reporting Accountants:	Deloitte LLP 2 Hardman Street Manchester M3 3HF
Solicitors to the Company:	DWF LLP 1 Scott Place 2 Hardman Street Manchester M3 3AA
Solicitors to Zeus Capital	Eversheds Sutherland (International) LLP 70 Great Bridgewater Street Manchester M1 5ES
Financial PR:	Powerscourt Group 1 Tudor Street London EC4Y 0AH
Company Registrars:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU



## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise or unless defined in Part III of this Document, for the purposes of that Part only:

“Act”	the Companies Act 2006 (as amended)
“Admission”	admission of the Enlarged Share Capital to trading on AIM, such admission becoming effective in accordance with Rule 6 of the AIM Rules
“Admission Document” or “Document”	this Document dated 23 June 2017
“Adviser Cloud”	Adviser Cloud Limited a company incorporated in England and Wales with registered number 08635488 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
“Amber Financial”	Amber Financial Investments Limited a company incorporated in England and Wales with registered number 07630847 and registered office at Paradigm House Lower Meadow Road, Handforth, Wilmslow, Cheshire, SK9 3ND
“Articles”	the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 9 of Part V of this Document
“Audit Committee”	the audit committee of the Board, as constituted from time to time
“Board”	the board of Directors of the Company from time to time, or a duly constituted committee thereof
“CAGR”	compound annual growth rate
“certificated” or “in certificated form”	recorded on the relevant register of the share or security concerned as being held in certificated form in physical paper (that is not in CREST)
the “Company” or “TAM”	Tatton Asset Management plc, a public limited company incorporated in England & Wales under the Act with company number 10634323 and registered office address at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council as modified by the QCA Guidelines
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland in accordance with the CREST Regulations



“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends or those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
“Directors”	the directors of the Company as at the date of this Document, whose details are set out on page 7 of this Document
“Disclosure, Guidance and Transparency Rules”	the Disclosure, Guidelines and Transparency Rules made by the FCA under Part 6 of FSMA
“EMI Plan”	the Tatton Asset Management plc Enterprise Management Incentive Plan
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following the Placing and Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this Document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GDPR”	the General Data Protection Regulation
“Group”	the Company and its subsidiary undertakings from time to time
“Group Reorganisation”	the pre-Admission reorganisation of the Group, which completed on 19 June 2017
“HMRC”	HM Revenue & Customs
“ITEPA”	the Income Tax (Earning and Pensions) Act 2003
“Jargon Free Benefits”	Jargon Free Benefits LLP a limited liability partnership incorporated in England and Wales with registered number OC354342 and registered office at Paradigm Court Brooke Court Lower Meadow Road, Handforth, Wilmslow, Cheshire, SK9 3ND
“Lock-in Agreements”	the lock-in agreements entered into between each Shareholder, the Company and Zeus Capital, further details of which are contained in paragraph 10.5 of Part V of this Document
“London Stock Exchange”	London Stock Exchange plc
“Market Abuse Regulation” or “MAR”	Market Abuse Regulation 596/2014
“New Ordinary Shares”	the 6,410,256 new Ordinary Shares to be issued by the Company at the Placing Price, pursuant to the Placing
“Nucleus”	Nucleus Financial Group Limited a company incorporated in England and Wales with registered number 05522098 and registered office at One, London Wall, London, EC2Y 5AB
“Nucleus IFA Co”	Nucleus IFA Company Limited a company incorporated in England and Wales with registered number SC300417 and registered office at 22 Thistle Lane, North West, Edinburgh, Midlothian EH2 1EA
“Official List”	the official list maintained by the UK Listing Authority
“Options”	options granted under the EMI Plan
“Ordinary Shares”	ordinary shares of £0.20 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers

“Paradigm Investment Management”	Paradigm Investment Management LLP a limited liability partnership registered in England and Wales with registered number OC323404 and registered office at Paradigm House, Brooke Court, Wilmslow, Cheshire, SK9 3ND
“Paradigm Management Partners”	Paradigm Investment Management LLP a limited liability partnership registered in England and Wales with registered number OC323404 and registered office at Paradigm House, Brooke Court, Wilmslow, Cheshire, SK9 3ND
“Paradigm Mortgage Services” or “PMS”	Paradigm Mortgage Services LLP, a limited liability partnership registered in England and Wales with registered number OC323403 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“Paradigm Partners”	Paradigm Partners Limited, a company incorporated in England and Wales with registered number 09902499 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“Perspective Financial Group”	Perspective Financial Group Limited a company incorporated in England and Wales with registered number 06455775 and registered office at Paradigm House Lower Meadow Road, Handforth, Wilmslow, Cheshire, SK9 3ND
“Placees”	the subscribers for, and purchasers of, Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Zeus Capital, as agent for the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 23 June 2017 between (1) Zeus Capital (2) the Directors (3) the Proposed Directors (4) the Selling Shareholders and (5) the Company, relating to the Placing and Admission
“Placing Price”	156 pence per Placing Share
“Placing Shares”	the New Ordinary Shares and the Existing Ordinary Shares being placed with Placees pursuant to the Placing
“Plans”	the EMI Plan and the Sharesave Plan
“Proposals”	the Placing and Admission
“Proposed Directors”	Roger Cornick and Chris Poil
“Prospectus Directive”	EU Prospectus Directive 2003/71/EC, as amended
“Prospectus Rules”	the Prospectus Rules made by the FCA pursuant to sections 73(A)(1) and (4) of FSMA
“QCA”	the Quoted Companies Alliance
“QCA Guidelines”	the Corporate Governance Code for Small and Mid-size Quoted Companies published by the QCA in May 2013
“Recognised Growth Market”	a market recognised as such by HMRC and included on the list of Recognised Growth Markets maintained and published on the HMRC website
“Recognised Stock Exchange”	any market of a recognised investment exchange as defined by section 1005 of the Income Tax Act 2007
“Relationship Agreement”	the relationship agreement dated 23 June 2017 between (1) Paul and Judith Hogarth; (2) Hermitage Holdings (Wilmslow) Limited; (3) the Company and (4) Zeus Capital, details of which are contained in paragraph 10.4 of Part V of this Document
“Registrars”	the Company’s registrars, being Capita Asset Services
“Remuneration Committee”	the remuneration committee of the Board, as constituted from time to time

“RIS”	Regulatory Information Service
“Selling Shareholders”	the persons listed in paragraph 10.2 of Part V of this Document
“Shareholder(s)”	holders of Ordinary Shares
“Sharesave Options”	options granted under the Sharesave Plan
“Sharesave Plan”	the Tatton Asset Management plc Sharesave Plan
“Takeover Code”	the City Code on Takeovers and Mergers
“Tatton Capital” or “TCL”	Tatton Capital Limited, a company incorporated in England and Wales with registered number 08153291 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“Tatton Investment Management” or “TIML”	Tatton Investment Management Limited, a company incorporated in England and Wales with registered number 08219008 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“Tatton Oak” or “TOL”	Tatton Oak Limited, a company incorporated in England and Wales with registered number 06783112 and registered office at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA, acting in its capacity as the competent authority for the purposes of FSMA
“uncertificated” or “uncertificated form”	recorded on the relevant register of the share or security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”	the United States of America and all of its territories and possessions
“VAT”	value added tax
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England and Wales with registered number 4417845 and registered office at 82 King Street, Manchester M2 4WQ
“£” or “Sterling”	British pounds sterling

## GLOSSARY

“AR”	authorised representative
“AUI”	assets under influence
“AUM”	assets under management
“B2C”	business to consumer
“DA”	directly authorised
“DA IFA”	FCA directly authorised IFA firms
“DFM”	discretionary portfolio management (known to the industry as discretionary fund management)
“ETF”	exchange-traded fund
“GIA”	general investment account
“HNW”	high net worth
“IA”	The Investment Association
“IFA”	independent financial adviser
“Intermediaries”	advisers such as IFAs or mortgage brokers with a role sitting between retail clients and product manufacturers
“ISA”	individual savings account
“MiFID I”	Markets in Financial Investments Directive 2004/39/EC
“MiFID II”	Markets in Financial Investments Directive 2014/65/EC
“MMR”	Mortgage Market Review 2014
“MPS”	model portfolio service
“NURS”	non-UCITS retail schemes
“RDR”	Retail Distribution Review 2012
“SIPP”	self-invested personal pension
“TER”	total expense ratios
“WOM”	whole of market
“WRAP”	a WRAP platform allows an investor to access and hold ISAs, GIAs, and SIPPs and certain other pension products all in one, secure, online environment, enabling the investor and their IFA to have complete access and visibility over their relevant investment portfolio
“UCITS”	Undertakings and Collective Investment in Transferable Securities

## PART I

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION

The Group was founded in 2007 by current Chief Executive Officer, Paul Hogarth. The Group provides a range of services to the FCA directly authorised financial adviser (“DA IFA”) marketplace encompassing discretionary fund management, regulatory and compliance services and mortgage services.

The Group’s discretionary portfolio management (“DFM”) service is designed for and exclusively available via platforms, which are growing both in size and number. Currently, the Group’s DFM service operates on ten UK adviser WRAP platforms, and can be easily integrated into the growing number of adviser WRAP platforms in the market. TCL has been developed on the premise that it is agnostic as to which platform is used. It provides support services to IFAs, enabling DA IFA firms to provide compliant and effective investment portfolio management for their platform based clients at a lower charge than traditional DFM propositions and without minimum investment size restrictions.

In the twelve month period to 31 March 2017, the Group generated total net revenues of £11.9 million of which 75 per cent. of revenues are of a recurring nature, and pro forma adjusted operating profit of £5.5 million. This represents an adjusted operating profit margin of 43 per cent.

The Group has three operating subsidiaries offering services to the core member base of the Group and in the case of its DFM business, to additional third party IFAs:

**Tatton Capital Limited (“TCL”) representing 36 per cent. of total net revenues** – TCL launched its DFM service in early 2013. This was in direct response to the FCA’s Retail Distribution Review (“RDR”), which the Directors recognised would drive IFAs to consolidate their clients’ investment accounts on adviser WRAP platforms to serve as a centralised depository function for their businesses. TCL provides a discretionary management ‘overlay’ service to IFAs and provides a strategic service that sits on top of standard risk-rated investment models common in the industry. As at 2 June 2017, TCL had over £4 billion of AUM. This award-winning business proposition is aimed at enhancing the client service and reducing regulatory risk for IFAs, whilst providing consistent end client outcomes.

**Paradigm Partners Limited (“PPL”) representing 49 per cent. of total net revenues** – PPL is an independent financial services business, providing support services, such as compliance and other related services to the IFA marketplace. Membership income is generated from contracted compliance services and platform/WRAP fees. Currently, PPL services a membership of 353 DA IFAs, employing an estimated 1,100 advisers.

**Paradigm Mortgage Services LLP (“PMS”) representing 15 per cent. of total net revenues** – PMS is one of the UK’s leading mortgage distributor businesses, providing mortgage and related support services to a membership of 1,034 DA IFAs, employing c. 3,000 regulated advisers. PMS acts as an aggregator for its member firms, providing access to the majority of the UK’s banks and building societies. It provides whole of market (“WOM”) access to lender propositions, providing enhanced commercial terms to introducers from the providers. PMS firms currently place c. £4.7 billion new business lending p.a. with c. 2.8 per cent. intermediary market share. Paradigm Protect (“PP”) was launched in 2014 as an extension of the range of aggregated products and services offered by PMS into protection and general insurance (“GI”).

The Group is cash generative and its revenues comprise a mix of AUM and platform fees, membership fees and product service fees, which by nature are repeatable and sustainable. The main drivers of revenue growth are expected to be growth in AUM for TCL and a larger membership pool of IFAs. The Directors believe the business is highly scalable and that there are significant continuing cross-selling opportunities between the three subsidiaries.

Further summary financial information on the Group is set out in the section headed “Financial Information” on page 28 of this Part I.

#### 2. HISTORY OF THE GROUP

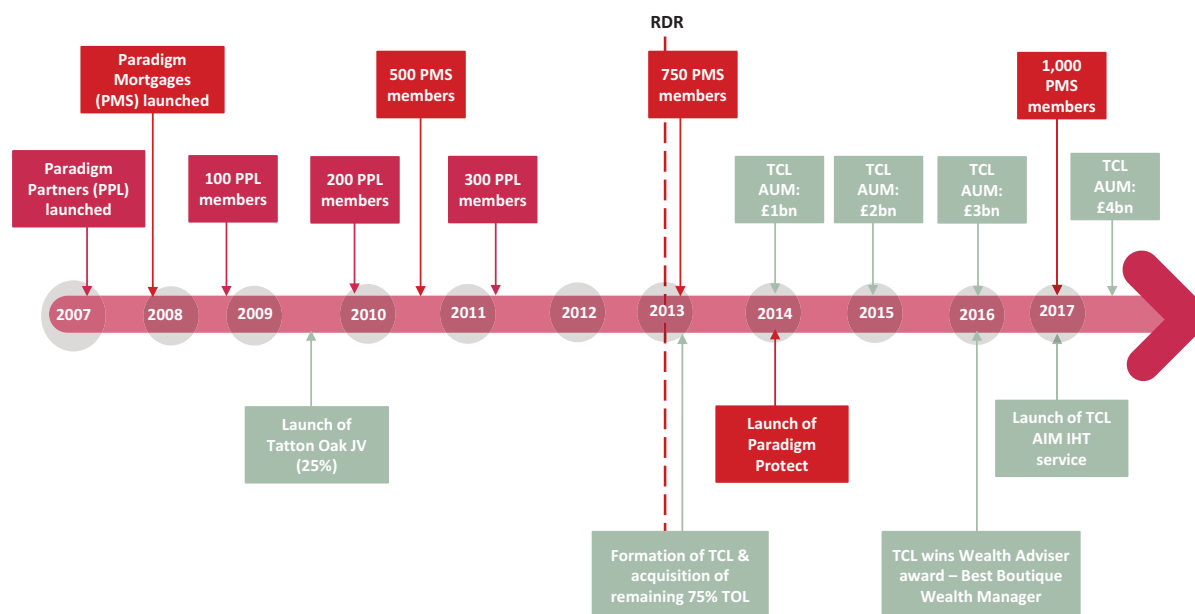
The Group was founded in 2007 by Paul Hogarth, a respected figure in the UK financial services industry.

Prior to founding the Group, Paul co-founded and developed a business called Bankhall Investment Associates in the early 1990s. He sold this business to Lynx Group in 2001 and, with the business subsequently being sold to Skandia in 2002, Paul became a main board director of Skandia UK before leaving in 2006 to set up the Group.

Paul used his knowledge and experience from Bankhall, together with key industry contacts at product provider and IFA firms, to initially establish PPL in 2007 with the aim of developing a range of services to power the UK's IFAs, with a key strategic focus on enabling them to better service their clients. TCL and PMS were established as additional subsidiaries of the Group in 2007 and 2012 respectively.

The time line below shows the key developments of the Group.

**Table 1: Timeline of key events**



The Group has evolved since its launch in 2007 in anticipation of changing client needs and a changing market backdrop. Key milestones in the Group's development include:

- Focus in early years of the Group on building PPL membership and delivering high quality support services to growing number of PPL members
- Extension of adviser services to mortgage aggregation in 2007 – differentiated model focused on intermediaries serving mass affluent/HNW customers
- Tatton Oak JV with Octopus Investments, a range of four multi-asset, multi-manager funds (now a wholly owned subsidiary of TCL), was launched with the aim of providing a risk rated range of cost effective multi manager funds, which would be more closely aligned to the risk profiling processes recently adopted at that point by many of the PPL firms
- FCA's Retail Distribution Review resulted in new and updated rules in respect of provision of investment advice services to consumers by authorised firms
- Launch of DFM service by TCL in early 2013 and acquisition of Tatton Oak
- FCA's 2014 Mortgage Market Review (MMR) signposted a significant regulatory shift in favour of intermediaries, which PMS continues to exploit
- In the three years since MMR, PMS has grown its market share from an estimated 1.3 per cent. to 2 per cent. and its annual lending has approximately doubled over this period
- Current PPL member numbers stand at 353; current PMS members numbers stand at 1,034
- Since launch, TCL has grown its AUM to over £4 billion, an average of c. £1 billion growth per annum

### 3. BUSINESS DESCRIPTION

The Group provides a range of services, encompassing discretionary fund management, regulatory and compliance services and mortgage services, to the DA IFA marketplace. The Group's business can be summarised below across its three subsidiaries.

**Table 2: Summary**

	<b>TCL</b>	<b>PPL</b>	<b>PMS</b>
<b>Core services</b>	<ul style="list-style-type: none"> <li>• On platform DFM</li> <li>• In house fund range – Tatton Oak</li> </ul>	<ul style="list-style-type: none"> <li>• IFA compliance consultancy</li> <li>• Technical support</li> </ul>	<ul style="list-style-type: none"> <li>• DA mortgage aggregation</li> <li>• Protection insurance aggregation</li> </ul>
<b>Key facts as at 31 March 2017</b>	<ul style="list-style-type: none"> <li>• Over £3.9 billion AUM<sup>†</sup></li> <li>• Historic AUM growth c.£80m/month</li> <li>• Available on 10 WRAP platforms</li> </ul>	<ul style="list-style-type: none"> <li>• 353 DA member firms</li> <li>• Over 1,000 advisers</li> <li>• 16 strategic marketing relationships</li> </ul>	<ul style="list-style-type: none"> <li>• c. 1,034 member firms</li> <li>• c. £4.7 billion mortgages arranged in 2016</li> </ul>
<b>Revenues: FY2017</b>	£4.3m	£5.8m	£1.8m
<b>Revenue contribution FY2015*</b>	18 per cent.	69 per cent.	13 per cent.
<b>Revenue contribution FY2016*</b>	24 per cent.	59 per cent.	17 per cent.
<b>Revenue contribution FY2017*</b>	36 per cent.	49 per cent.	15 per cent.

<sup>†</sup>Over £4 billion as at 31 May 2017.

\*Percentage of subsidiary revenue as a proportion of the Group revenue for that year.

Each subsidiary is explained in greater detail below:

#### **Tatton Capital Limited**

TCL comprises two key trading divisions, Tatton Investment Management Limited ("TIML"), a discretionary fund manager, and Tatton Oak Limited ("TOL"), a fund of funds.

TIML was launched in 2013, with the aim of establishing a challenger DFM that would exclusively operate on UK adviser WRAP platforms. Since March 2016, the TIML offering has been made available to non-members of PPL. Currently, TCL's AUM including Tatton Oak stands at over £4 billion across c. 41,000 client portfolios. The top 20 customers of TCL account for approximately 55 per cent. of TCL's AUM.

The Directors believe that TIML's success has been based on three fundamental priorities, namely:

- its platform focused service proposition;
- investment approach and performance; and
- its low cost, service driven approach.

These are discussed in greater detail below.

#### **On-line, platform focused, service proposition**

TIML is a pure investment management business that specialises in providing discretionary management of mutual fund based portfolios exclusively to UK WRAP platform-based clients of



IFAs in the UK. TIML is agnostic about which platform is used by its clients, but a full due diligence process is undertaken by TIML before partnering with any platform on which it intends to offer its services. The choice of platform used by a client rests solely with the retail client and its adviser.

TIML does not offer its services direct to retail clients, instead generating and conducting its business exclusively through DA IFAs. Unlike traditional investment management firms, TIML is not perceived as a threat to advisers' client relationships, i.e. ownership, which Directors believe is a key differentiator compared with traditional DFM competitors.

While all portfolio clients have been introduced through IFAs, the vast majority of portfolios belong to retail clients and the remaining portfolios belong to charities or trusts. The IFAs' retail clients are predominately UK-based, but TIML allows UK citizens resident in an EEA state access to TIML, so long as they have a UK authorised IFA.

## **Investment approach and performance**

### *Investment approach*

TIML's investment approach is focused on mass modelled portfolio rebalancing, tactical asset allocation within the confines of risk profile and fund selection to populate underlying asset classes. Standardised (non-bespoke), multi asset investment portfolios are delivered through a master portfolio led execution approach with holdings in regulated collectives and tracker funds which are UK or EU domiciled and would be permitted investments in UK NURS funds. These funds themselves invest in quoted securities globally.

The TIML model of risk profiled portfolios originated from the concept of a discretionary management and execution overlay to the tried and tested asset allocation methodology, funds research and manager selection of the advisory based Morningstar model portfolio service. It now only shares the risk profiles' asset allocation with the Morningstar advisory models and today offers diversified portfolios beyond just actively managed funds content, across five different investment styles (active, tracker, hybrid, income and ethical) as well as a UK AIM stock market based inheritance tax mitigation portfolio service. The fund based portfolios can be delivered across up to six different risk-weightings (defensive, cautious, balanced, active, aggressive, and global equity). In total, TIML offers 25 portfolio types; the client elects, under advice from their IFA, which is best suited to their investment horizon and appetite and/or capacity for risk.

TIML seeks to make long term, diversified investments through mutual funds, with its focus on longer term client return outcomes delivery that is aligned to their chosen risk profile, rather than short term outperformance. The discretionary nature of the clients' investment mandate allows TIML's professional investment team to make buy and sell decisions across all client accounts. Their aim is to maintain what the investment team deems a best of breed selection of investee funds in portfolios and contain investment risk within the parameters of the clients' specific risk profile as determined by the IFA with and for their retail clients. On top of this maintenance aspect, tactical asset allocation deviations are aimed at temporarily overvalued asset classes to reduce portfolio downside risks.

The platform on which a client's investment portfolio is held is elected by the retail client in conjunction with their adviser. TIML offers its portfolio management services on ten UK adviser WRAP platforms, namely Nucleus, Amber, Transact, Standard Life, Aviva, Novia, Platform One, Alliance Trust, Aegon and Fidelity FundsNetwork. Minimum client subscription levels into TIML portfolios are determined by the client-elected platform and any minimum investment level stipulated by their IFA.

TIML additionally manages a range of five multi-manager funds (amounting to £1.1bn of TCL's £4 billion AUM), which are collectively referred to as the "overlay fund". In addition, TCL is the beneficial sponsor of further stand-alone multimanager fund under the Tatton Oak brand (amounting to £232 million of TCL's £4 billion AUM).

### *Investment performance*

TIML's main objective is to consistently achieve returns for retail clients, which are commensurate with the risk profile recommended to them by their financial adviser. This is primarily achieved by keeping the investment exposures aligned to the specific risk-return profiles and populated with suitable active or passive collectives which are aligned to industry standard asset allocation schedules.

TIML's investment process aims to achieve client return outcomes at comparable investment risk levels, which are at least consistent with peer group averages, as represented by the IA managed fund universes or the ARC Private Client indices.

Table 3 below demonstrates how TIML's benchmark oriented investment process has achieved the stated objectives. The quoted returns are net of underlying fund charges and comparable to the quoted IA sector return, except for TIML's DFM charge; amounting to 15 bps per annum.

**Table 3: TIML Fund Performance (per cent.) – core product set (1/1/2013 – 30/4/2017, annualised)**

	<b>TIML Active</b>	<b>TIML Tracker</b>	<b>TIML Hybrid</b>	<b>IA Sector</b>
Defensive	6.6	6.8	6.9	5.1
Cautious	8.8	8.2	8.8	6.7
Balanced	10.0	9.6	10.0	7.9
Active	11.3	11.1	11.4	9.1
Aggressive	11.9	12.4	12.1	9.1

Source: Morningstar, TCL

### **Low cost service-driven approach**

The Directors believe that cost is one of the key differentiators of TIML's portfolio proposition. The table in the section headed "Competition" in this Part I sets out TIML's pricing in the context of its UK competitors.

TIML, as a platform-only specialist, offers its DFM services at a cost of 0.15 per cent. (including VAT); the low cost for the provision of this service means there is a reduced TER for the IFAs' clients.

The Directors consider TIML's low cost to be both attractive to retail clients and also a significant barrier to entry for competitors, with newcomers to the market potentially reluctant to commit to initial cash burn, and established players potentially unwilling to bear the cannibalisation risks.

In conjunction with its low price point, TIML provides a highly personalised service for IFAs, offering competitive reporting and oversight capabilities they may have not previously had access. This is achieved by combining the platforms' rich databases with proprietary processing solutions which minimise advisers' need for data entry and maintenance, while harnessing economies of scale to achieve a lower price point.

The Directors believe that it is very important to obtain regular feedback from the IFA client base on the Group's business proposition and positioning with respect to the IFAs' needs. A common theme iterated to the Directors is that IFAs are very focused on risk mitigation and an important feature in the TIML proposition is that it ensures that the clients' portfolio holdings are entirely in accordance with their risk profile on a continuing basis.

From the IFAs' perspective, other attractions to the TIML proposition include a view that the platform is administratively friendly compared to other advisory models that are more cumbersome and offers a speedy way in that IFAs can do business for their retail clients.

A key attraction of the TIML proposition is the retention by the IFA of the client relationship.

### **AUM growth**

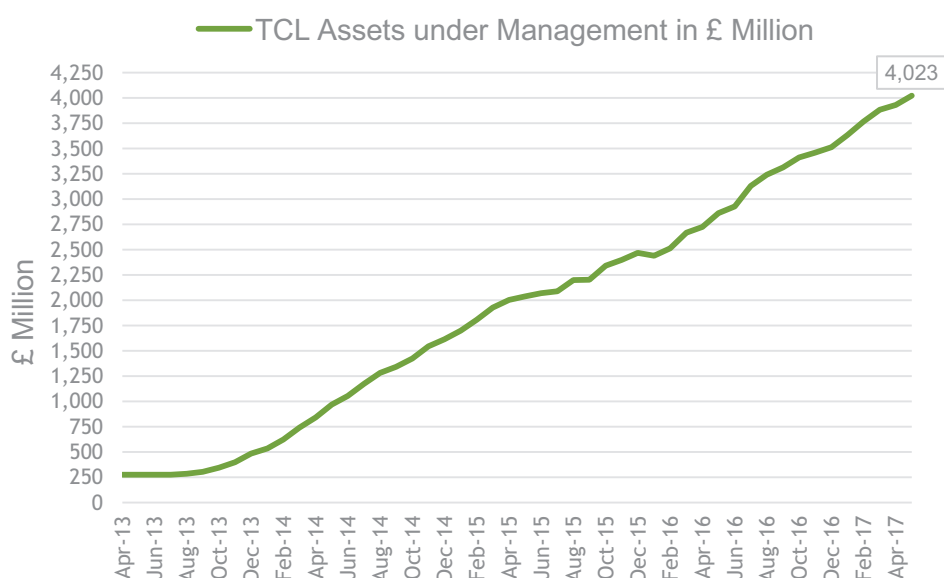
The Directors believe that over the past three years the business model has proven to be a highly attractive platform proposition for advisers, resulting in steady monthly growth of c. £80 million on average. Since its 2013 launch, TIML's drive to make its DFM service available on all major UK adviser WRAP platforms (currently ten) has been instrumental in driving AUM to over £4 billion. The Directors believe this makes TIML the largest on-platform DFM company in the UK.

## Financial performance

TCL primarily generates revenue through the DFM fee, the Tatton Oak fund management fee and its more recently launched overlay fund.

**Table 4: TCL recent financial performance and AUM growth**

Period ended	31 March 2015	31 March 2016	31 March 2017
Revenue	£1.5m	£2.2m	£4.3m
Adjusted operating profit	£0.4m	£0.4m	£1.2m
Average staff numbers	11	14	18
Firms using TCL (period end)	153	187	237
AUM (at period end)	£1.9bn	£2.7bn	£3.9bn



Since launch TCL has exhibited strong growth in AUM and revenue. AUM has increased from £1.9 billion at 31 March 2015 to £3.9 billion at 31 March 2017. Revenues increased from £1.5 million in the year ended 31 March 2015 to £4.3 million in the year to 31 March 2017, which represents growth of 187 per cent. or compounded annual growth of 69 per cent. Following investment in systems and resources over the period, the incremental revenues are now flowing through to profitability, and in the twelve months to 31 March 2017 the adjusted operating profit tripled from £0.4 million to £1.2 million.

## Paradigm Partners Limited

The regulatory environment in which IFAs operate is complex. PPL provides its client IFA firms (its “members”) with regulatory consultancy support, advice and compliance services. PPL has 353 DA IFA firms representing c.1,100 advisers and representing c. 6.5 per cent. of DA IFAs in the UK.

The business derives the majority of its revenue from clearly visible, recurring income streams, such as monthly membership fees paid via standing order, monthly platform income and annually agreed strategic marketing fees. PPL does also offer ad-hoc services and software sales, which are priced and charged separately.

PPL does not give any advice to individuals and its members are all recognised DA IFAs; therefore there is no requirement for it to be regulated by the FCA for investment advice.

PPL currently has 353 fee paying members. In the last twelve months, the number of members has increased by a net increase of 16 (5 per cent.) and the average length of membership for current members is over six years which, in the Directors' opinion, shows that the Group's client base has remained very loyal.

The largest client represents 6 per cent. of PPL revenues for year ending 31 March 2017 and the top ten clients represent 20 per cent. of PPL revenues for year ending 31 March 2017.

The revenue per PPL member varies depending on the size of the firm and the level of services; the average revenue per member in FY17 is in the region of £16,300, which is consistent with the prior period.

PPL's key products and services detailed below:

### **Compliance Consultancy Services to member IFAs**

Compliance services form one of the core 'hooks' for member firms joining PPL. The regulatory support services provided are critical functions for the IFAs. The revenues generated are recurring in nature and payable by way of a monthly membership fee, with members typically electing one of two membership packages based upon their service level requirement. Bespoke packages are negotiated on a member by member basis, dependent upon their size and requirements.

IFAs continue to be subject to a regular flow of new regulation and guidance, which they are required to understand and implement within their businesses. PPL plays a fundamental role in ensuring its member firms understand and are able to implement these changes. It offers a compliance framework for its members that reflects actual working practices, effectively manages specific risks and ensures that the necessary changes are implemented with the minimum effort and impact.

PPL provides both face-to-face and remote service offerings. Monthly membership includes core services and an agreed number of compliance consultancy visits per annum. The number of visits is determined by the monthly membership package selected by the member, and where firms need additional help these services are provided at an additional charge. Core services include:

**Field Based Consultancy:** PPL's field-based consultancy team of experienced compliance managers work with firms to assess the regulatory risks affecting their business and help design bespoke mitigation programs. The tailored support can include a review of the firm's systems and controls; provision of training and competence support for advisers and support staff; advice on construction of key documents (e.g. disclosure/complaints/ AML procedures); consultation on key processes (e.g. advice process, training & competence procedures); aiding the development of a centralised investment process.

**Technical Services:** PPL's Technical Services is an integral part of PPL's regulatory support offering. Based in the Group's head office, the Technical Services team supports day-to-day compliance and technical queries from firms, via email or telephone, complementing the service provided by the field-based consultancy team. Services provided by Technical Services include: assistance with all day to day regulatory queries; response to technical queries (pensions/tax/trusts); assistance with regulatory returns to the FCA; FCA application assistance (new applications /variation of permissions/cancellation of Part IV permissions/approved person applications); "financial promotion" review; complaints guidance; remote and on-site file reviews.

The team deals with 400 to 500 technical queries per month across around 100 firms on average, and also reviews around 100 financial promotions per month.

**Policy:** PPL continuously monitors guidance and regulation published by the FCA in addition to industry publications, and with close interaction between its Consultancy and Technical Services teams, ensures that members are kept up to date, as required, with regulatory changes and developments that could affect their businesses. PPL's Policy function also acts as the voice of its members; PPL actively seeks their opinions and views on FCA consultations and proposals which could impact on their businesses.

### **Access to WRAP platforms**

A WRAP platform allows an investor to access and hold ISAs, GIAs, and SIPP's and certain other pension products all in one, secure, online environment, enabling the investor and their IFA to have complete access and visibility over their relevant investment portfolio.

PPL provides its members with access to a choice of investment WRAP platforms. Specifically, PPL has an arrangement with Nucleus and Amber, with other platforms typically used on request by an IFA. As such, the majority of PPL's assets under influence ("AUI") are held on the Nucleus platform.

Nucleus was inceptioned in 2008 and offers an independent online WRAP platform. In 2008, PPL entered into a white-labelling arrangement with Nucleus creating the Paradigm WRAP. Since its launch, AUI on the Paradigm WRAP has grown significantly, with member firms placing over £3.1 billion of AUI.

A large number of PPL member firms utilise the Paradigm WRAP, as one of their preferred platforms when managing client portfolios.

#### **AdviserCloud/Technology Partners**

AdviserCloud is an IFA back-office database system provider. In December 2015, for strategic reasons, PPL purchased a 50 per cent. share of the business for a nominal consideration, thus enabling bespoke development of a back office system more specific to the requirements of a PPL member firm. AdviserCloud services are marketed to IFA members who do not currently utilise a back office system.

Additionally, PPL provides its members with access to well recognised technology partners for the provision of financial planning tools.

#### **Strategic marketing partners**

In addition to revenues derived from its members, PPL has strategic value as a marketing and product delivery channel for a number of major institutions in the financial services market.

**Table 5: PPL Recent Financial Record**

<b>Period ended</b>	<b>31 March 2015</b>	<b>31 March 2016</b>	<b>31 March 2017</b>
Revenue	£5.8m	£5.4m	£5.8m
Adjusted operating profit	£2.6m	£2.7m	£2.9m
Average staff numbers	43	41	39
Member firms at period end	328	337	352
Paradigm WRAP AUI (at period end)	£2.5bn	£2.6bn	£3.1bn

PPL is the original division within the Group and has a strong and established membership base, which continues to grow. Adjusted operating profit before exceptional and non-recurring items was £2.9 million for the year ended 31 March 2017, an increase of 7.4 per cent. over the prior period and representing margins of 50 per cent. for 2017, 50 per cent. for 2016 and 44.8 per cent. for 2015. Over the same period, the Paradigm WRAP AUI increased from £2.6 billion to £3.1 billion.

Note that the fall in revenues in the year ended 31 March 2016 was caused by non-recurring income within the prior year's reported profits.

#### **Paradigm Mortgage Services LLP**

PMS, launched in 2007, is a mortgage distribution business that provides access for IFAs and intermediaries to aggregate mortgage, protection and related services. PMS is a new model distributor, akin to a mortgage club but with a differentiated proposition. Its focus is on long term client relationships rather than transactional relationships.

The introduction of the Mortgage Market Review ("MMR") in April 2014, in conjunction with other regulatory changes in the market, has driven distribution towards intermediaries, and mortgage intermediaries towards distributor businesses, as lenders seek to limit their risk and costs

associated with direct consumer advice. The intermediary channel share of market has increased from c. 49 per cent. in 2010 to c. 67 per cent. in 2016 and PMS has seen demand for its services strengthen.

PMS currently has 1,034 member DA IFAs. The clients of its member firms are typically mass affluent/HNW whose mortgage business is by nature of higher scale, good quality and more attractive to lenders. PMS offers whole of market access to all major lenders & protection providers. PMS utilises its size and scale to negotiate attractive terms for its members, which would not be available directly to the intermediary, with PMS retaining an agreed share of the procurement fees.

Other related mortgage services are available via a range of commercial partners.

**Table 6: PMS Recent Financial Record**

Period ended	31 March 2015	31 March 2016	31 March 2017
Revenue	£1.1m	£1.5m	£1.8m
Adjusted operating profit	£0.4m	£0.7m	£0.8m
Average staff numbers	6	8	10
Mortgage firms at period end	789	955	1,034
Gross Mortgage Lending Aggregated	£2.8bn	£4.0bn	£4.7bn

The PMS business continues to grow strongly, with revenues up from £1.1 million in the year ended 31 March 2015 to £1.8 million for the year ended 31 March 2017. The growth has been driven predominantly by procurement fees earned by the business on gross mortgage lending aggregated by PMS, which has increased by £1.9 billion over the period, from £2.8 billion in the year ended 31 March 2015 to £4.7 billion in the year ended 31 March 2017.

The level of aggregated mortgage lending has benefited from an increased number of firms utilising the service, which have increased from 789 at 31 March 2015 to 1,034 at 31 March 2017.

#### 4. KEY STRENGTHS AND INVESTMENT CHARACTERISTICS

##### Market opportunity

**Shift towards platform:** The UK wealth management WRAP platform market is currently sized at £422 billion<sup>1</sup> according to Platform, and has grown by 21.8 per cent.<sup>1</sup> in the year to 31 December 2016. This growth was driven in part by market returns but also pension freedoms and Defined Benefit to Defined Contribution transfer volumes. The Directors estimate that over 80 per cent. of new business written by IFAs goes on platform. The Directors estimate that the adviser platform market could be as large as c. £730 billion by 2020 based on the current market size and the current growth rates.<sup>2</sup>

As at 31 December 2015 DFM AUM on adviser WRAP platforms was between £10.5 billion and £12.5 billion<sup>3</sup>, as at 31 May 2017 TCL controls £4 billion. The uptake of on-platform DFM services is part of broader market development where there remains strong regulatory expectation to ensure that the retail clients get value for money in all their aspects of financial advice as measured by the Total Expense Ratio ("TER"). The Directors believe that the Group's DFM proposition is very well positioned to deliver such expectation. This is discussed in more detail in the section headed "Competition" in this Part I.

**IFAs remain strong in the post-RDR/MMR environment:** The Directors believe that in the post RDR/MMR environment, the IFA channel is in a strong position, having managed to shift successfully from a commission-based business model to a fee-based model. The Group's

<sup>1</sup> Platform UK Adviser Guide Issue 29 March 2017

<sup>2</sup> Directors' estimates utilising data from Platform UK Adviser Guide Issue 29 March 2017

<sup>3</sup> Platform: UK Fund Distribution: DFM on Platforms April 2016



business model is designed to provide a full suite of support services, investment and mortgage/protection services to DA IFAs, and the Directors believe there is a trend within the industry favouring DA IFAs over AR firms in both the investment and mortgage advice sector.

**“Distribution is king”:** In the opinion of the Directors, the strength of the IFA channel is predicated on the fact that it sits between the retail client and the product manufacturer and consequently “owns” the client relationship. Combined with an opportunity to provide a cost effective mass affluent advice and services solution (offered by the Group), the Directors believe there is shift in the balance of power between IFAs and product manufacturers (in favour of IFAs).

**There is a growing demand from IFAs to seek regulatory support and assistance:** PPL currently has 6.5 per cent. of the DA IFA market, which at 31 December 2016 represented 5,446 DA IFAs<sup>4</sup>. Whilst only some IFAs will outsource, the Directors believe there is an opportunity to increase market share in a growing market where increasing numbers of IFAs are seeking support services.

### **The Company’s investment case**

**High cash conversion:** In the last three years ending 31 March 2017, the business benefitted from a high operating cash conversion ratio of over 90 per cent. Combined with the low capital requirement, the Group has the capability of a dividend payout ratio of c. 70 per cent.

**Predictable and recurring revenues:** The DFM overlay and platform fees are a direct function of AUM, and future net inflows to TIML are likely to be a key driver in revenue growth for the whole Group. Attrition of the Group’s IFA client base, and the associated inflows, has been historically low. These fees are viewed as highly predictable and repeatable. For the twelve months to 31 March 2017, c. 75 per cent. of revenues were recurring. In the mortgage market, there has also been a notable shift in lender payments to intermediaries – with average procurement fees rising post MMR and more recently a shift by the top lenders to introduce renewal/retention fees.

**Capital light model:** The Group’s business model does not require a significant level of capital. PPL is unregulated and TCL’s regulatory capital adequacy requirement is driven by its cost base. The Group is debt free.

**High margins:** The scalability of the Group’s operations should underpin the underlying operating margin of over 40 per cent. reported in the twelve months to 31 March 2017.

**Scalable model:** The Directors believe that the Group has a scalable business model and can benefit from operational economies of scale as it grows its number of member firms and its AUM on TIML’s DFM service and in its funds.

**Organic growth:** PPL service income is directly linked to the number of member firms and has significant scope to increase the number in the future and is a key focus for the Directors. Furthermore cross sales strategies within the business are accelerating with new member growth across the group now providing a source for expansion.

## **5. STRATEGY AND USE OF PROCEEDS**

### **Strategy**

The Group’s strategic objective is to provide access to all major products and services that an IFA requires to service its retail clients, thereby continuing to build recurring income. The Directors believe there are considerable development opportunities across the Group both organically and, where appropriate, through acquisition.

**TCL:** The Directors believe there are continued opportunities for TIML to grow AUM and it is the intention to accelerate recruitment of IFA groups from beyond the wider Group membership and to continue expansion into other WRAP platforms; its DFM proposition is currently available on ten different WRAP platforms with scope to increase this further, The Group aims to remain agnostic to which platform IFAs choose to use. TCL will continue to extend its product reach and public profile. The Directors will also consider the acquisition of sub-scale DFMs.

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**PPL:** The Directors expect to expand its sales resources in order to grow its membership and cross sell to IFAs who are using TIML's DFM services but are not members of PPL. Further expansion into other services is planned and, where appropriate, the Board will consider acquisitions.

**PMS:** The Directors believe that there is still great scope for expansion against competitors (the largest two being provider-owned). PMS continues to widen the product and service offering for its growing membership base. Further expansion into related areas is being considered, e.g. valuation services, via JV or acquisition, particularly where it is considered complimentary to existing activities and relationships.

### **Rationale of IPO and use of proceeds**

The Directors believe that the Placing and Admission will position the Group for its next stage of development and will provide it with an optimal capital structure for future growth. In particular, the Directors believe that the Placing and Admission will:

- a) enhance the Group's public profile and status with existing and potential clients;
- b) assist in the incentivisation and retention of key management and employees;
- c) create a liquid market in the Ordinary Shares for Existing Shareholders;
- d) provide the Selling Shareholders with an opportunity for a partial realisation of their respective shareholdings in the Group; and
- e) provide access to the capital markets to aid future growth, if required.

The Group will receive approximately £10.0 million from the subscription of New Ordinary Shares in the Placing before commissions and other fees and expenses incurred in connection with the Placing of approximately £1.9 million. As a result, the Group will receive net proceeds of approximately £8.1 million from the Placing.

The net proceeds of the Placing will be used for business development and working capital purposes as it is envisaged over time greater marketing and sales functions will be needed as the business continues to grow.

## **6. MARKET BACKGROUND**

### **DFM Platform Usage**

#### *Trend towards platforms*

It is estimated by Platform that as at 31 December 2015 between £10.5 billion and £12.5 billion<sup>3</sup> of AUM sits within DFM model portfolios that are on adviser platforms. This represents about 3 per cent. of total adviser platform assets. It is the Directors' view that DFM model portfolios on platform are growing, driven by IFAs' understanding of the service that on-platform DFM managers can provide compared with the traditional model portfolio service and multi-asset multi-manager funds. The two important factors in selecting a DFM are fees and performance for which TCL is very well placed.

The Directors believe that TCL's services are independent of any product provider conflicts and portfolios are chosen on an unfettered basis.

### **IFA market trends**

Consumers access formal financial advice via a number of channels. The key channels include DIY (e.g. internet direct sell); banks/building society adviser, IFA/financial planners and "Robo" advice, which is at a more nascent stage of development. It is the Directors' opinion that the IFA distribution channel is a demonstrably successful and sustainable fee-based revenue model appealing to the mass affluent client type.

In the Directors' opinion, life-stage and affluence are the two most influential factors in determining which source of advice a person is likely to use, with older more affluent consumers the most likely to pay for personal financial advice.

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3 Platform: UK Fund Distribution: DFM on Platforms April 2016

The shift to a fee-based (rather than a commission-based) model post RDR raised concerns in the marketplace about the number of retail clients who would continue to seek face-to-face financial advice and that advisers would focus on more wealthy clients who see more value in the advice due to typically more complex and larger investments. These concerns contributed to the decline in firms from 16,725 firms in September 2007<sup>5</sup>, when the initial RDR paper was published by the FCA, to c. 14,054 by year end 2016<sup>4</sup>, but has been stable for the last three years<sup>3</sup>.

Table 7 below highlights the recent trends in IFA numbers.

**Table 7: Trends in adviser numbers**

	<b>Dec 2013</b>	<b>Dec 2014</b>	<b>Dec 2015</b>	<b>Dec 2016</b>
AR firms	9,351	9,336	9,228	8,608
DA IFAs	5,036	5,214	5,263	5,446
<b>Total firms</b>	<b>14,387</b>	<b>14,550</b>	<b>14,491</b>	<b>14,054</b>

Source: APFA – The Financial Adviser Market: In Numbers, Edition 5, May 2017

At the end of December 2016 there were 14,054 FCA registered firms of which 5,446 (39 per cent.) were DA firms representing 24,761 advisers. The trend in moving from AR status to DA has continued. The average number of regulated (CF30) advisers per IFA firm has remained steady in the last three years at 4.55 per firm.<sup>4</sup>

Collectively these 14,054 IFA firms generated in calendar year 2016 £3.0 billion of regulated business revenue from retail investments; a CAGR of 9 per cent. since 2014. Fee income represented c.70 per cent. of revenues and reflects a steady rise in fees at the expense of commissions post RDR.<sup>4</sup>

In the Directors' opinion, the market appears to be polarising somewhat between the transaction-only approach (e.g. internet direct sell and Robo advice, separately discussed below) and the advised market for more affluent or asset-rich consumers, which has long been the key focus of many IFAs (i.e. the 'mass-affluent').

In summary, the Directors believes that the long term viability of the advised model is not expected to be challenged and the IFA industry is generally in good health, with face to face contact expected to remain very important.

### **Robo Advice**

The concept of "Robo" advice is where the retail client has no human interaction, but is provided advice recommendations through algorithms. This concept remains at its infancy, and is subject to much press speculation on its possible implications on the IFA industry. Directors believe that for certain client types (e.g. millennials), typically requiring only limited advice, maybe attracted to such a service. However any advice requiring greater complexity may not be so matched or suitable to pure "Robo" advice, but instead a more hybrid version of "Robo" advice may arise (e.g. digital client engagement and reviews).

### **Mortgage Market**

Mortgage regulation, and MMR in particular, which introduced new affordability and advice standards has significantly strengthened the role of intermediaries. As gross mortgage lending recovered from a low of £134 billion in 2010 to £246 billion in 2016, the intermediary channel share moved from 49 per cent. to 67 per cent.<sup>6</sup> The Directors expect that this gain in channel share will widen with a number of major banks already reporting intermediary channel share in excess of 80 per cent.

<sup>5</sup> Keynote: Independent Financial Advisers Market Assessment 2013

<sup>4</sup> APFA – The Financial Adviser Market: In Numbers, Edition 5, May 2017

<sup>3</sup> Platform: UK Fund Distribution: DFM on Platforms April 2016

<sup>6</sup> Group data incorporating CML gross mortgage lending estimate – April 2017 and FCA data – psd Mortgages 2016

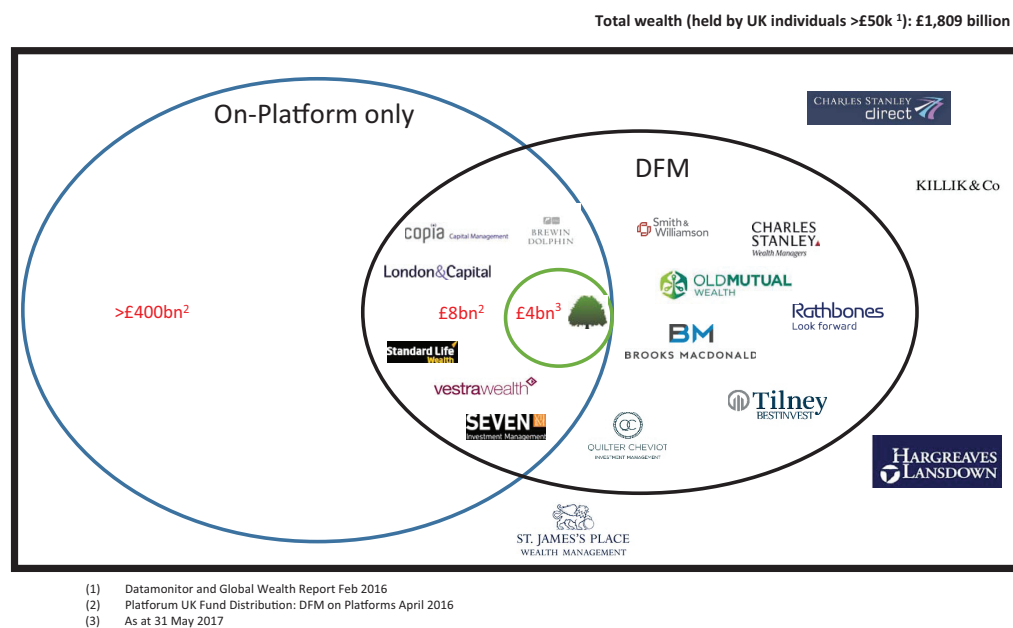
The Council of Mortgage Lenders' estimate gross lending of £248 billion for 2017, a modest rise against 2016 gross lending of £246 billion (12 per cent. up on 2015 at £220 billion), the highest annual figure since 2008.<sup>7</sup> This gives PMS a 1.9 per cent. share of gross lending in 2016, up from 1.6 per cent. in 2015 after outperforming the market once again. PMS is now regarded as one of the UK's premier DA mortgage distribution business, and one of the fastest growing distributor of mortgage related products and services in the UK.

Currently two thirds of PPL firms are regulated to conduct mortgage business, which is indicative of the market presenting a significant opportunity for Mortgage Distributors such as PMS.

## 7. COMPETITION

### DFM Services competing with TCL

TCL's competitors can be broadly grouped into two categories, namely direct and indirect competitors as outlined below:



### Direct Competitors

Typically these direct competitors are DFMs offering an on-platform Model Portfolio Service ("MPS") range of investment solutions that are available to retail clients through advisers.

There are companies providing on-platform DFM services, however in the Directors' opinion, the majority has very small amounts of AUM. The Directors believe that the companies with the larger amounts of AUM that are most frequently used by IFAs for DFM services are Brewin Dolphin, LGT Vestra, Morningstar, Brooks Macdonald, Quilter Cheviot, FE Analytics, London & Capital and Standard Life. However, the Directors would argue that on pricing of the annual management fees, TCL is very competitive as detailed below in Table 8. Furthermore, some of the direct competitors offer B2C contact with retail customers, and the Directors believe some IFAs are increasingly wary of such models due to potential conflict of interests.

<sup>7</sup> CML: "New CML forecasts for 2017 and gross lending up 3% in November" and "Market commentary: 2017 and 2018 forecasts"

**Table 8: Comparison of DFM (on-platform) charges**

DFM	Annual Fee per cent. (inc VAT)
Tatton IM	0.15
London & Capital	0.30
Vestra	0.30
Brewin Dolphin MPS	0.36
Novia In house (Copia Capital Management)	0.36
Quilter Cheviot MPS	0.36
Standard Life Wealth	0.36
Brooks Macdonald MPS	0.48

Sources: Defaqto: 'DFM Market Update 2016'; 'Copia Capital Management – The art of Portfolio construction' and 'Vestra: the Model Portfolios'

### **Indirect Competitors**

IFAs must consider the investment universe before recommending an MPS to a client, therefore some other investment services could also be considered as competition to the Group. The more frequently considered options are fully bespoke (off-platform) DFM (such as Brewin Dolphin and Charles Stanley), multi-asset funds (such as Jupiter Merlin and Henderson Global Investors) and advisory model portfolios (such as Raymond Spencer Mills and Square Mile Research).

### **Positioning TCL in the competitive landscape and TCL's key differentiators**

TCL is positioned in the competitor landscape to offer a comprehensive range of 24 portfolio choices including active, passive, blended, income and ethical styles plus one AIM IHT portfolio. A client can only invest with TIML through an IFA.

Table 9 below details the positioning on TCL's DFM model compared to the more traditional models.

**Table 9: TCL DFM vs. traditional model DFM**

Roles undertaken by:	Sales	Client onboarding/ KYC	Portfolio construction/ research	Investment decisions	Portfolio rebalancing	Back office services	Valuations	CRM
<b>Traditional DFM</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>TCL model</b>	IFA	IFA	TCL	TCL	TCL	WRAP platform	WRAP platform	IFA

Source: Group research

TCL is solely focused on the provision of portfolio construction and research, investment decision making and portfolio rebalancing, leaving the remaining services to the IFA or WRAP platform provider.

The Directors believe that many other companies tend to offer a less broad range of investment styles to IFAs than compared to TCL, obliging IFAs to consider multiple companies. The advantage to the IFA using TCL is that it offers a comprehensive range of investment styles available within the one company.

It is well documented that the retail savings and asset management industry remains under strong scrutiny from both the regulators and industry media observers. There is a very important industry focus on offering value for money to the end retail customer and therefore a strong focus on TERs.

Table 10 below details in broad terms the breakdown of the value chain pre RDR, post RDR and TCL.

**Table 10: Indicative Total Expense Ratios**

Bps	IFA	TCL/Multi manager <sup>1</sup>	Platform	Fund Manager	TER
Historical Pre-RDR	50	75 + 25*	25	50 – 90	225 – 265
New model (active)	80	15	35	63	193
New model (passive)	80	15	35	16	146
New model hybrid 50:50)	80	15	35	40	170

Source: Group analysis

\* Typically other charges including registration fees

TCL is focused on enabling the IFA to minimising the TER for the end client and the Directors believe that TCL is the lowest cost MPS in the marketplace with an annual fee of 15bps (including VAT).

#### **Compliance Services provided by PPL**

The compliance services market for IFAs is dominated by a number of larger players including PPL, albeit the market becomes fragmented beyond the major support service and/or network companies. The main competitors that PPL would traditionally come up against are:

- *Simplybiz (privately owned)*. The business services c. 2,700 firms, although the Directors are of the opinion that the average size of firms in terms of revenue tends to be smaller than PPL's members. The business charges as a percentage of turnover rather than a flat fee for services offered and has a greater focus on mortgage and protection advisers compared to PPL.
- *Sesame Bankhall (owned by Aviva)*. Bankhall was previously developed by the Group's CEO, Paul Hogarth, as noted previously. Sesame is the AR network part of the group, servicing c. 3,000 mortgage and protection firms. The other part of the group, Bankhall, provides services to c. 1,500 DA IFAs.
- *Tenet Group (owned by Aviva, Standard Life and Aegon)*. Tenet has c. 642 advisers and typically are AR rather than DA IFAs. The business provides compliance services very much focused on AR's needs (rather than DA IFAs) Tenet also provides DA IFA services to those no longer wishing to be ARs.
- *True Potential (owned by private equity)* and formed in 2007. Its clients are mainly individuals working under the True Potential banner or AR firms. The Directors are of the opinion that True Potential's service is IT lead and that many IFAs use True Potential as a back office system in the first instance rather than for compliance services, particularly in the case of DA IFAs.
- *360 Services (owned by Standard Life)* – 360 has around 780 firms covering around 8,000 advisers. Its clients are mainly financial advisers and financial planners rather than mortgage/protection advisers.

Of the core competitors above, the Directors believes that only True Potential has the similar three income streams (membership/platform/fund management). PPL is one of only a few true independents in the upper segment of the market and our stability has been a positive feature compared with our competitors where a number of corporate transactions have been undertaken.

## Mortgage Services provided by PMS

The mortgage services market is dominated by a number of larger players that are typically owned by large corporates. The main competitors that PMS would traditionally come up against are:

- *L&G Mortgage Club (owned by Legal and General)*. The business is the largest in the market and its primary focus is on the larger mortgage broking firms and network businesses (including MAB).
- *Premier Mortgage Services (owned by Aviva)*: This is the longest established business in the marketplace, established in 1996, and is an appointed representative of Sesame Limited. The business provides a full range of services including surveying.
- *Simplybiz (privately owned)*: In management's opinion, this business is the most similar to PMS of the other mortgage clubs in the market, both in terms of the type of broker firms they attract and its product offering.
- *TMA Mortgage Club (owned by LSL)*. The estate agency owned business offers club services to brokers and cross sells into LSL for valuations of mortgages.

## 8. FINANCIAL INFORMATION

Part III of this Document contains audited historical financial information of Tatton Asset Management plc and its subsidiaries for the three years ended 31 March 2017.

The following financial information has been derived from the financial information of Tatton Asset Management plc and its subsidiaries contained in Part III of this Document and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information.

	2015 £000	2016 £000	2017 £000
<b>Revenue</b> .....	8,451	9,160	11,864
Administrative expenses.....	(5,635)	(5,889)	(7,330)
Share of results of joint venture .....	—	(7)	(24)
<b>Operating profit before exceptional and non-recurring items</b> .....	2,816	3,264	4,510
	33.3	35.6	38.0
<i>Operating Margin before exceptional and non-recurring items</i> .....	<i>per cent.</i>	<i>per cent.</i>	<i>per cent.</i>
Exceptional and non-recurring items .....	270	(264)	(2,412)
<b>Operating profit</b> .....	3,086	3,000	2,098
Net finance costs.....	(42)	(60)	(36)
<b>Profit before tax</b> .....	3,044	2,940	2,062
Taxation.....	(81)	(134)	(749)
<b>Profit after tax</b> .....	2,963	2,806	1,313
<b>Operating profit before exceptional and non-recurring items (as reported above)</b> .....	2,816	3,264	4,510
IFA share of gross income <sup>(i)</sup> .....	1,221	1,071	1,005
<b>Pro forma adjusted operating profit</b> .....	4,037	4,335	5,515
	41.7	42.4	42.9
<b>Underlying Margins<sup>(ii)</sup></b> .....	<b>per cent.</b>	<b>per cent.</b>	<b>per cent.</b>

(i) For investments made prior to the introduction of RDR legislation on 1 January 2013, PPL has historically passed to the IFA member firms their agreed share of the income generated from introducing clients to PPL's services. Upon Admission, the IFA member firms' entitlement to these payments will cease and the additional revenues and profits will therefore accrue to the company going forward and therefore the above table presents a notional position for reference only, had the IFAs not been historically entitled to this share of income. In accordance with the PPL member firms' agreements with PPL, the share of income passed by PPL to the member firms (relating to investments made prior to the introduction of the RDR legislation on 1 January 2013) has ceased, the entitlement to such income share having capitalised into shares in TAM prior to Admission.

(ii) After adding back item (i) to both revenues and profits.

The Group has increased revenue by 40 per cent. between 2015 and 2017, which represents a compound annual growth rate of 18.5 per cent. The growth in revenue has been driven mainly by an increase in the number of firms using TCL's DFM overlay service and the launch of new funds, with resultant growth in AUM and associated fees.

Administrative expenses before exceptional and non-recurring items have increased by 30 per cent. between 2015 and 2017 which is slower than revenue growth, so the Group has been able to leverage the cost base to generate increased margin. The operating profit margin, before exceptional and non-recurring items, has increased over the period from 33 per cent. in 2015 to 38 per cent. in 2017. As noted above, the underlying margin stands at circa 43 per cent. overall.

### Exceptional and non-recurring items

Exceptional and non-recurring items 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. These items are summarised in the table below:

	2015	2016	2017
	£000	£000	£000
Provision against loans to related entities .....	—	—	(1,635)
Adjustments to contingent deferred consideration .....	96	142	—
Release of deferred income provision .....	234	—	—
One-off costs relating to corporate transactions .....	(53)	(66)	(9)
Product launch costs .....	(7)	(340)	(143)
IPO costs to date .....	—	—	(625)
<b>Total exceptional and non-recurring net income/(expense)</b>	<b>270</b>	<b>(264)</b>	<b>(2,412)</b>

In 2017, the Group made full provision against the recoverability of amounts owed by two entities under the common control of Paul Hogarth.

Legal and other one-off costs incurred in connection with the following corporate transactions are shown as part of exceptional and non-recurring items:

- incorporation of Paradigm Partners LLP (1 January 2016)
- acquisition of a shareholding in Adviser Cloud Limited (December 2015)

TCL launched a series of funds as part of its DFM service in December 2015. The costs directly associated with the launch of these funds, including external consultancy costs and additional charges incurred during the launch period, are also shown as part of exceptional and non-recurring items.

The other exceptional and non-recurring items relate to adjustments made to contingent, deferred consideration payable on an acquisition; the release of an old deferred income provision that was no longer needed; and IPO related costs.



The following table shows the Group's performance split by subsidiary:

	2015 £000	2016 £000	2017 £000
<b>Revenue</b>			
PPL .....	5,812	5,435	5,753
PMS .....	1,107	1,514	1,794
TCL .....	1,532	2,211	4,317
Group .....	8,451	9,160	11,864
<b>Operating profit before central costs, exceptional and non-recurring items</b>			
PPL .....	2,594	2,741	2,883
PMS .....	415	716	827
TCL .....	384	419	1,224
Group operating profit before exceptional and non-recurring items .....	3,393	3,876	4,934
Central costs .....	(577)	(612)	(424)
<b>Group operating profit before exceptional and non-recurring items .....</b>	<b>2,816</b>	<b>3,264</b>	<b>4,510</b>

PPL's revenue decreased by £0.4 million between 2015 and 2016 due to non-recurring income which had benefitted revenue in 2015. TCL and PMS have both shown strong revenue growth over the period.

Operating profit before exceptional and non-recurring items has increased each year between 2015 and 2017 for each of the subsidiary businesses.

Central costs represent the salary costs within business functions that provide central support to all three businesses, including finance, IT and administration, together with the CEO and CFO. No costs were included for the CEO in 2017 as his remuneration in the period consisted solely of dividends.

## KPIs

	31 March 2015	31 March 2016	31 March 2017
Average staff numbers .....	60	62	67
TCL user firms .....	153	187	237
TCL AUM .....	£1.9bn	£2.7bn	£3.9bn
PPL closing member firms .....	328	337	352
PPL Nucleus platform AUI .....	£2.5bn	£2.6bn	£3.1bn
PMS closing member firms .....	789	955	1,034
PMS Gross lending .....	£2.8bn	£4.0bn	£4.7bn

## 9. CURRENT TRADING AND PROSPECTS

The Group's performance since 31 March 2017 has remained in line with the Board's expectations. AUM managed by TCL at 2 June 2017 was over £4 billion.

At 31 May 2017, the net number of DA IFAs who were in the process of applying to become a PPL member was twelve, with current PPL members standing at 353.

In April 2017 PMS had aggregated £361 million of mortgages for its members. Its membership has grown to 1,087, a net increase since the year end.

In connection with the Placing and Admission, the Group anticipates incurring incremental running costs in relation to PLC costs of approximately £0.8 million for the year ending 31 March 2018.

## 10. DIRECTORS AND KEY MANAGEMENT

The Board on Admission will comprise Roger Cornick as Non-Executive Chairman, Paul Hogarth as Chief Executive Officer, Lothar Mentel as Chief Investment Officer, Noel Stubbley as Chief Financial Officer, and Christopher Poil as Independent Non-Executive Director (with the appointments of Roger Cornick and Christopher Poil being conditional only on Admission).

### **Roger Cornick** (*Non-Executive Chairman, aged 73*)

Roger will join the Group on Admission. Roger has over 30 years' experience of sales and marketing in financial services and is currently a trustee of the River and Rowing Museum. Roger was with Perpetual PLC for 18 years, serving latterly as deputy chairman, until the UK fund manager's £1billion takeover by Anglo American fund manager Amvescap in 2003. After helping to manage the transition to new ownership he left the business in 2001 and joined the board of Aberdeen Asset Management plc in January 2004, an international investment management group, managing assets for both institutions and private investors from offices around the world. He became Chairman at Aberdeen in January 2009 and served until his retirement from the board in September 2016.

### **Paul Hogarth** (*Founder and Chief Executive Officer, aged 57*)

Paul founded and built Bankhall Financial Services in the late 1980s before leading its strategy into compliance services in the early 1990s. He sold the business to Lynx Group (subsequently acquired by Skandia) in 2002, and became a main board director of Skandia UK. He left in 2006 to set up PPL, which launched in early 2007. He was also a majority shareholder in support services business Citation plc until its highly profitable sale to ECI in December 2012 and he is founder and major shareholder in private equity-backed Perspective Financial Group Limited.

### **Lothar Mentel** (*Chief Investment Officer, aged 49*)

Lothar joined as CIO of TIML in 2012. He has held senior positions in NM Rothschild, Threadneedle, Barclays Wealth and Commerzbank Asset Management, and was CIO for Octopus Investments, where he built up its multimanager investment business. Lothar started his career as a performance and risk analyst, designing and launching the Barclays Multi Manager funds.

### **Noel Stubbley** (*Chief Financial Officer, aged 50*)

Noel joined the Group in March 2012 following eight years with Lloyds Bank's acquisition finance team in Manchester. Noel is a Chartered Accountant, having trained and worked at Ernst & Young between 1990 and 1997. In 1998 he joined KPMG's Transaction Services team in Manchester, where he focused on corporate and private equity deals until being approached to join Lloyds in 2004.

### **Christopher (Chris) Poil** (*Independent Non-Executive Director, aged 52*)

Chris will join the Group on Admission as a Non-Executive Director bringing a wealth of previous experience with him. He began his career as Director of Mercury Asset Management PLC, a market leader in asset management throughout Europe before leading the UK Equities division of ING Baring Asset Management. He has also held a number of non-executive director positions in Hartford Group PLC and Ignite Group Ltd where he was heavily involved in strategy planning and business development. Most recently Chris has been a non-executive director for Novus Leisure and Byron Hamburgers.

### **Other Senior Management**

The Board is supported by an experienced senior management team.

## 11. THE PLACING AND THE PLACING AGREEMENT

### **The Placing**

The Placing will raise approximately £10.0 million (before expenses) for the Company and approximately £41.6 million (before expenses) for the Selling Shareholders by way of a conditional placing of the Placing Shares with investors at the Placing Price. The New Ordinary Shares will represent approximately 11.5 per cent. of the Enlarged Share Capital at Admission and the Existing Ordinary Shares being sold by the Selling Shareholders will represent approximately 47.7 per cent. of the Enlarged Share Capital at Admission.

The costs associated with the Placing of the New Ordinary Shares and Admission, which are estimated to be £1.9 million, will be met by the Company.

The Selling Shareholders have indicated a desire to realise a proportion of their investment in the Company. The Placing will allow the Selling Shareholders to achieve this, whilst retaining a combined stake in the Company of approximately 40.8 per cent. of the Enlarged Share Capital. The Company will not receive any proceeds from the sale of the Placing Shares being sold by the Selling Shareholders. Commissions and stamp duty associated with the sale of such Placing Shares by Selling Shareholders will be met by the Selling Shareholders.

### **Placing Agreement**

Pursuant to the Placing Agreement, Zeus Capital has agreed to use its reasonable endeavours to procure subscribers for and purchasers of the Placing Shares. The Company, the Directors, the Proposed Directors and the Selling Shareholders have given certain warranties (and the Company has given an indemnity) to Zeus Capital, all of which are customary for this type of agreement.

Each of the Directors, Proposed Directors and Selling Shareholders retaining Ordinary Shares post Admission, has undertaken, pursuant to the Lock-in Agreements, not to dispose of any of the Ordinary Shares in which they are interested at Admission within 12 months of Admission in the case of each Director, Proposed Director or Selling Shareholder except with the permission of Zeus Capital and as coordinated by Zeus Capital. Each of the Directors, Proposed Directors and Selling Shareholders has also undertaken, for a further period of 12 months following the expiry of the initial 12 month locked-in period, to comply with certain requirements designed to maintain an orderly market in the Ordinary Shares.

The Placing, which is not underwritten, is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission occurring no later than 8.00 a.m. on 6 July 2017 (or such later date as Zeus Capital and the Company may agree, being no later than 8.00 a.m. on 20 July 2017).

The Placing Shares being sold pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Ordinary Shares in issue and will participate in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares. The Placing Shares will, immediately on and from Admission, be freely transferable.

Zeus Capital has the right under the Placing Agreement to terminate the Placing Agreement and not proceed with the Placing if, prior to Admission, certain events occur including certain force majeure events. If such right is exercised, the Placing will lapse and any monies received in respect of the Placing will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 10.2 of Part V of this Document.

## **12. TAXATION**

Information regarding taxation is set out in paragraph 14 of Part V of this Document. These details are intended only as a general guide to the current tax position in the UK.

**If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.**

## **13. ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 6 July 2017.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Placing Shares in uncertificated form, Ordinary Shares will be credited to their CREST stock accounts on 6 July 2017. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Placing Shares are expected to be dispatched by post to such Shareholders by no later than 20 July 2017.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST on the date of Admission.

#### **14. CORPORATE GOVERNANCE**

The Directors and Proposed Directors acknowledge the importance of the principles set out in the Corporate Governance Code.

The Directors and Proposed Directors intend to apply the QCA Guidelines contained therein, as far as they consider appropriate for a company of its size and nature.

Following Admission, the Board will comprise five directors, three of whom shall be executive directors and two of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. Roger Cornick and Chris Poil will be considered independent from Admission.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors will receive appropriate and timely information. Briefing papers will be distributed to all directors in advance of Board meetings. All directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

##### **Board Committees**

The Company will, upon Admission, have established Audit and Remuneration Committees.

The Audit Committee will have Chris Poil as chairman, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least twice a year. Roger Cornick will be the other member of the Audit Committee.

The Remuneration Committee will have Roger Cornick as chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least once a year. Chris Poil will be the other member of the Remuneration Committee.

##### **Share Dealing Code**

The Directors and Proposed Directors understand the importance of complying with the AIM Rules and applicable legislation relating to dealings by directors and certain other employees of the Group in the Ordinary Shares and the Company has established a share dealing code. The Company will take all reasonable steps to ensure compliance by the Board and any relevant employees. The Directors and Proposed Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM and is compliant with Rule 21 of the AIM Rules and the Market Abuse Regulation relating to dealing policies. The Company, the Directors and the Proposed Directors will take all reasonable steps to ensure compliance by the Company's directors and employees.

#### **15. RELATIONSHIP AGREEMENT**

On Admission (and following completion of the Placing), Paul Hogarth and his connected persons, Judith Hogarth and Hermitage Holdings (Wilmslow) Limited, will be interested in 10,484,632 Ordinary Shares in aggregate representing 18.8 per cent. of the Enlarged Share Capital. The Directors are satisfied that the Company is capable of carrying on its business independently of Chief Executive Officer and his connected persons and that all transactions and relationships between them and the Company are and will continue to be at arm's length and on commercial terms. To ensure that Shareholders are adequately protected in this regard, the Company and Zeus Capital have entered into the Relationship Agreement with Mr Hogarth and his connected

persons. Pursuant to the Relationship Agreement, each of Mr Hogarth and his connected persons have given certain undertakings to the Company and Zeus Capital to the effect that the Board can, amongst other things, operate on an independent basis. Further information on the Relationship Agreement can be found at paragraph 10 of Part V of this Document.

## **16. DIVIDEND POLICY**

The Directors' and the Proposed Directors' intention is to implement a progressive dividend policy in line with the growth in future earnings, subject to the discretion of the Board and to the Company having sufficient distributable reserves.

For the year ending 31 March 2018 (being the first financial period end as an AIM quoted company), subject to the discretion of the Board, having taken into account the current and expected future trading performance of the Company, and to the Company having sufficient distributable reserves, it is the Directors' and the Proposed Director's intention that the total dividend pay-out ratio will be c. 70 per cent. of earnings.

## **17. APPLICABILITY OF THE TAKEOVER CODE**

The Takeover Code is issued and administered by the UK Panel on Takeovers and Mergers (the "Panel") and governs amongst other things, transactions involving companies to which the Takeover Code applies. The Takeover Code applies to the Company and therefore its Shareholders are entitled to the protection afforded by the Takeover Code. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage interest in the Company's shares.

The Takeover Code defines persons "acting in concert" as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control. A person and each of its affiliated persons will be deemed to be acting in concert with each other. There is a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established.

## **18. RISK FACTORS**

Your attention is drawn to the risk factors set out in Part II of this Document and to the section entitled "Forward Looking Statements" therein. In addition to all other information set out in this Document, potential investors should carefully consider the risks and warnings described in those sections before making a decision to invest in the Company.

## **19. ADDITIONAL INFORMATION**

You should read the whole of this Document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to V (inclusive) of this Document which contains further information on the Group.



## PART II

### RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below may not be the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment.

#### **Risks specific to the Group**

The following sets out some of the risks relating to the Group's business. If any of the following risks are borne out in reality, the Group's business, financial condition or results of operations could be seriously affected.

#### **The Group**

***The Group, and the investment management industry as a whole, is sensitive to adverse economic, political and market factors that are beyond the Group's control***

The markets in which the Group offers its services are directly affected by many national and international factors that are beyond its control. Any one of the following factors, among others, may cause a substantial decline in the markets in which the Group offers its services: economic and political conditions; the level and volatility of equity markets, in particular UK equity markets; the level and volatility of interest rates and foreign currency exchange rates; concerns about inflation; changes in investor sentiment and consumer confidence levels; legislative and regulatory changes; and concerns about terrorism and war. Uncertain economic prospects or a sustained period of declining equity markets could also change investor behaviour, as was evidenced during the difficult financial conditions in 2008. This could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

***The Group is exposed to risks related to the UK's termination of its membership of the European Union***

The Group faces potential risks associated with the exit by the UK from its membership of the European Union, and the potential uncertainty preceding that exit. The UK exiting the European Union could materially change both the fiscal and legal framework in which the Group operates, and it could have a material impact on the UK's economy and its future economic growth. In addition, prolonged uncertainty regarding aspects of the UK economy due to the uncertainty around the exit could damage customers' and investors' confidence. The exit and these aspects could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

***The Group may suffer loss of key people or inability to recruit quality staff***

The Group's operations are dependent on the experience, skills and knowledge of its executive officers, who provide expertise and experience in the implementation of the Group's strategy and

its ability to attract and retain business. The Group's continued success depends on its ability to attract and retain talented employees. While employees of the Group are subject to employment agreements, these agreements do not preclude these employees from terminating their employment at any time, subject to notice periods. Furthermore, where such employees are subject to certain post-termination restrictions such as competing with the Group and/or soliciting employees and/or customers, these may not be fully enforceable by law or may only apply for a limited time.

The Group does not have key man insurance in place in relation to any of its Directors, senior managers or employees. There can be no assurance that in the future the Group will be able to attract, develop or retain executives of the right calibre. The ability of the Group to meet its operational requirements and the future growth and profitability of the Group may be affected by any inability to attract, develop or retain such executives. Equally, the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Group.

***Competitive pressures may harm the Group***

The Group's principal market is the UK where the investment management industry is highly competitive. The Group's competitors include global, national and local specialist asset management companies as well as banks and financial services companies, some of which are substantially larger than the Group. The Group competes on the basis of investment performance, brand recognition, business reputation, the range of products offered, quality of service and the level of fees for services. Any failure by the Group to compete effectively in the UK market could lead to a loss of business and/or a failure to win new business, each of which could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

***The Group may be adversely affected by mistakes or misconduct by its personnel, including non-compliance with regulatory procedures***

The Group's personnel or agents may inadvertently make mistakes or breach applicable laws or regulations in the course of their duties or engage in other improper acts. The Group has systems in place designed to prevent and/or mitigate these risks; however, such systems may fail to detect or prevent such acts. Such acts by the Group's personnel could lead to reputational damage, regulatory action and financial costs where such costs are not covered by insurance or to other regulatory censures or restrictions both of the Group and the individual concerned, including the suspension or withdrawal of any authorisations that the relevant employee may require in order to perform his duties. This could have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

***The Group may be adversely affected by the failure of a platform provider***

The Group is party to commercial arrangements with certain platform providers pursuant to which it introduces customers to the platforms and/or manages invested assets on the platforms. In the event of cessation of trade of a relevant platform, users would be required to find an alternative platform, which may impact the commercial arrangements for the Group. Further, users can choose to find an alternative platform at any time, which could lead to a reduction in revenue for the Group. The occurrence of any of these events could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and growth prospects.

***The Group may be adversely affected by the loss of major IFA customers***

The Group has several major IFA customers. If the Group's relationship with these customers terminates for any reason, including M&A activity, or if any of them significantly reduces its business with the Group and the Group is unable to replace those customers on a timely basis, or at all, the Group's business, results of operations, financial condition and growth prospects could be material adversely affected.

***The Group may be adversely affected by the loss of strategic partners***

The Group has strong relationships with several strategic partners and outsourced service providers. If the Group's relationship with these partners terminates for any reason and the Group



is unable to replace those partners in a timely manner, or at all, the Group's business, results of operations, financial condition and growth prospects could be material adversely affected.

### ***System failures and breaches of security***

The successful operation of the Group's business depends upon maintaining the integrity of its computer, communication and information technology systems. The Group's information technology systems pull data from external sources and reconcile customer data. These systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Group's system by employees, or unauthorised physical or electronic access; and interruptions to internet system integrity generally as a result of cyber-attacks by computer hackers or viruses or other types of security breaches. Further, any modifications or upgrades to any information technology systems, could result in interruption to the Group's business. Any such damage or interruption could cause significant disruption to the operations of the Group and its ability to trade. This could be harmful to the Group's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Group's business, results of operations and/or financial condition.

### ***Any system security breaches could lead to liability under data protection laws***

The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group or third party service providers in respect of such data and if one were to occur, the Group could face liability under data protection laws (including fines of up to £500,000), and could also lose the goodwill of its customers and reputational damage which could have a material adverse effect on its business.

The General Data Protection Regulation ("GDPR") will come into force on 25 May 2018. The Group will need to review the processing of personal data carried out by or on behalf of the Group to ensure that this and all related policies and procedures are compliant with the requirements of the GDPR. As part of this it will need to review all existing agreements under which personal data is processed and ensure that appropriate action is taken in relation to such contacts to ensure that they are updated to reflect the new requirements of GDPR.

Failure to comply with the GDPR could result in the Group being liable under the GDPR including for fines. The maximum level of these fines is significantly higher than previously and (depending upon the nature of the breach in question) is set at either (a) the greater of €10million and 2 per cent. of worldwide annual turnover for the preceding financial year or (b) the greater of €20million and 4 per cent. of worldwide annual turnover for the preceding financial year.

### ***Risks relating to future and anticipated regulation***

The Group gives advice to its IFA member firms ("members"), which is intended to enable them to comply with their regulatory obligations, including their obligations under the rules of the FCA including those implementing Directive 2004/39/EC ("MiFID I"). Although the Group considers it gives accurate and complete advice to its members, there is a risk that one or more of the members do not follow that advice in full, or at all. If relevant members breach the FCA's rules or their other legal obligations, those members may be investigated and sanctioned by the FCA. Further, if a member's client(s) suffer a loss as a result of the relevant member's failures, such client(s) may pursue a claim against such member for recovery of that loss. This is likely to adversely affect the relevant member and, depending on the circumstances, it might adversely affect the Group. The relevant member may also be less inclined to use the services of the Group in the future. This could have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

If the advice given by the Group to its members is not accurate and complete and a member relies on the Group's advice and breaches the FCA's rules or its other legal obligations as a result, the relevant member may be investigated or sanctioned by the FCA. It may also be the subject of a claim for recovery of loss suffered by its client(s) or required to establish and operate a customer redress scheme. In these circumstances, the relevant member may seek financial redress from the

Group. This could have an adverse effect on PPL's business, results of operations, financial condition and/or growth prospects.

Changes to FCA and EU rules on conflicts of interest coming into force on 3 January 2018 in conjunction with Directive 2014/EU ("MiFID II") may affect the ability of members to hold equity interests in the Company.

Under the current MiFID I implementing rules and related EU legislation, members are obliged to take all reasonable steps to identify and manage conflicts of interests if they entail a material risk of damage to their clients. The Group has advised members to disclose the existence of its holding of non-voting non-dividend-paying equity interests in TCL ("TCL Shares") to their clients, in their written terms of business, in every case, regardless of materiality. Shortly before Admission, the members' TCL Shares will be replaced by allotments of Ordinary Shares as part of the Group Reorganisation. It is anticipated that the members will continue to follow the Group's advice and will disclose their interests in Ordinary Shares following Admission. If a member fails to disclose its equity interest in the Company and a client suffers loss, there is a risk that member may have acted unlawfully under current MiFID I implementing rules, and it may be investigated and sanctioned by the FCA or its clients may have a right of action against the member, which could adversely affect the member. This may, in turn, have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

From 3 January 2018, members will be required to take all appropriate (rather than reasonable) steps to identify, and prevent or manage, conflicts if there is a risk of damage (irrespective of the materiality of that risk) to a client's interests. If the holding of Ordinary Shares by a member creates a conflict that may damage a client's interest, the member will be required to explain fully the organisational and administrative arrangements established by the member to prevent or manage the conflict, and that these are not sufficient to ensure that the risk of damage to the client's interests have been prevented.

It is anticipated that the Group will explain the changes to conflicts rules to members, but so as to avoid itself being conflicted will advise the members to take independent legal advice as to whether they should continue to hold Ordinary Shares. In these circumstances:

- some or all of the members may choose to sell their Ordinary Shares prior to 3 January 2018, to ensure their compliance with MiFID II;
- members which sell their Ordinary Shares may undertake less business with Group; and
- if a member does not sell its Ordinary Shares and fails to manage and disclose any conflict to the extent required by FCA/MiFID II rules, there is a risk that the member may be acting unlawfully and may then be investigated and sanctioned by the FCA or pursued by their clients for recovery of the clients' losses. This may, in turn, have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

#### **Tatton Capital Limited**

##### ***Retail investment WRAP service platforms may fail to provide the functionality that Tatton requires to provide its investment service***

TCL works with several WRAP platform providers in the provision of its services to customers. TCL requires such platforms to have a certain degree of functionality in order to satisfy the level of service TCL delivers to customers. In the event that the platform providers not yet utilised by TCL fail to make technological advances in platform functionality that TCL requires to function on those platforms, then this could adversely impact the size of the ultimate platform market available for TCL to exploit which could in turn affect TCL's growth prospects.

##### ***Operational errors or a failure of systems and controls could have a material adverse effect on TCL's business***

The management of retail investment fund assets involves a number of risks, including failure to administer portfolios properly, for example by making incorrect valuations or pricing decisions with regard to the underlying investments; incorrect assets being purchased or erroneous trades being placed or the failure to place trades on a timely basis or at all; and failure of the systems and controls utilised by TCL or its outsourced service providers to detect and prevent errors.

In addition, while TCL outsources its OEIC valuation and pricing functions to third party providers, it remains primarily liable to Retail Fund investors for any failure to provide these functions

properly. Any such failures or errors in valuation or pricing by a relevant third party provider may require the Group to reimburse the affected parties in respect of losses suffered (which may be significant). The Group may be unable to recover any such losses fully or at all from the third party or under the Group's insurance policies.

If any of the foregoing or any similar risks were to materialise, TCL might also be required to conduct thorough investigations of the circumstances surrounding the breach or failure and regulatory investigations might also follow. The costs involved in such investigations, including management time and professional fees, could be material to TCL.

The risks of error and mismanagement cannot be eliminated entirely. TCL's ability to maintain financial controls and provide high quality service to its customers depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems, which are programmed to detect and prevent errors. There can be no assurance that these systems will function as designed. If serious breaches, errors or breakdowns in TCL's information technology systems are prolonged or occur on a regular basis then this could result in interruptions, the loss of the goodwill of TCL's customers, and TCL could also materially breach contracts it has with its customers. Additionally, such breaches could render TCL liable to disciplinary action by governmental and regulatory authorities, as well as to claims by its clients. Any damage to, or failure of, its management information systems could result in interruptions to TCL's financial controls and customer service. Such interruptions and any other operational errors or negligence by third party providers or TCL's employees could lead to reputational damage and financial costs, such as TCL being required, by contract or otherwise, to put clients back into the position in which they would have been had the error or negligence not occurred. The consequences of such operational errors or negligence could have a material adverse effect on TCL's business, results of operations, financial condition and growth prospects.

***TCL operates in a highly regulated industry and any regulatory non-compliance or a change in regulations in the jurisdictions in which it operates could have a material adverse effect on TCL***

The investment management industry is highly regulated and compliance with applicable regulations is costly. Certain of TCL's activities are regulated by the FCA and it is dependent on FCA authorisation to carry on such activities. The FCA has broad regulatory powers dealing with all aspects of financial services, including the authority to make enquiries of companies regarding compliance with applicable regulations, to grant and, in specific circumstances, to vary or cancel permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. The regulatory environment in which TCL operates frequently changes and has seen significant increased regulation in recent years, and it is expected that this trend will continue for the foreseeable future. TCL may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations, and any changes to the regulatory environment could also increase the compliance costs of TCL.

The FCA is currently carrying out an asset management market study to understand whether competition is working effectively to enable both institutional and retail investors to get value for money when purchasing asset management services. The FCA anticipates that the final report will be published in 2017. If the FCA concludes that competition is not working well, they may intervene to promote effective competition through rule-making, introducing firm specific remedies or enforcement action, publishing general guidance or proposing enhanced industry self-regulation. The outcome of this study is therefore uncertain and may have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The FCA and other regulatory authorities may from time to time make enquiries of companies within their jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of clients or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive and TCL may face regulatory proceedings if the FCA or any other regulatory body were to detect or allege any failure to comply with applicable regulations.

Any potential future regulatory proceedings could result in a public reprimand and/or fines or other regulatory sanctions, as well as adverse publicity or negative perceptions regarding TCL. In the event that an IFA customer of TCL was the subject of regulatory proceedings, TCL could itself become subject to regulatory proceedings. A significant regulatory investigation or action against

TCL or any of its subsidiaries could have a material adverse effect on TCL's business or reputation, results of operations, financial condition and growth prospects.

Operating within the financial services sector, TCL also falls within the scope of the Financial Ombudsman Service, an independent body set up by the government to settle disputes between consumers and businesses within the sector. The Financial Ombudsman Service has the power to order TCL to pay compensation to clients where their complaints are upheld, and any such sanctions could have a material adverse effect on TCL's business, results of operations, financial condition and growth prospects.

TCL has entered into, and in the future may enter into, a number of material outsourcing agreements and, to the extent that these relate to activities regulated by the FCA, TCL retains responsibility for ensuring that they comply with regulatory obligations. Any regulatory breach by an outsourced service provider could expose TCL to the risk of regulatory sanctions and reputational damage.

#### ***Failure to maintain investment performance***

When buying investment products or selecting a fund manager, one of the most important considerations for investors and intermediaries is the historical investment performance of the product or manager. As TCL's business focus and key selling point is to generate investment out-performance against relevant benchmarks, any sustained period of underperformance across a range of its funds or by one or more of its larger funds could have a material adverse effect on its business, results of operations, financial condition and growth prospects. If the investment performance of TCL's funds were to be poor relative to the market or in absolute terms over an extended period, TCL would be vulnerable to redemption/cancellation of units by investors in those funds and a consequential reduction in revenues received from such activities. Investment underperformance relative to competitors or relevant benchmarks would also make it more difficult for TCL to attract new investors. The previous performance of a fund manager should not be seen as an indication of future performance. Any such investment underperformance could, therefore, have a material adverse effect on TCL's business, results of operations, financial condition and growth prospects.

#### ***TCL is reliant on third parties to which it has outsourced certain functions***

TCL relies on third party providers of administration and other back office functions (including valuations for certain fund and institutional mandate valuations), and trustee, depository, custodian and sub-custodian services. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of TCL's services to its clients. Furthermore, if the contracts with any of these third party providers were terminated, TCL may not find alternative service providers on a timely basis or on as favourable terms, or may suffer disruption as a result of the transition of functions to the new service provider. The occurrence of any of these events could have a material adverse effect on TCL's reputation, business, results of operations, financial condition and growth prospects.

### **Paradigm Partners Limited**

#### ***Ability to attract and retain IFA members***

PPL growth strategy is partly dependent upon the recruitment of new IFAs. Due to competition between support services providers to recruit IFAs, there can be no guarantee that PPL will be successful in this element of its strategy. The failure to continue to maintain membership of/relationships with or recruit new IFAs could have a material adverse effect on PPL's business, results of operations, financial condition and growth prospects. If multiple IFA customers of PPL were taken over by consolidators and the relationships with PPL come to an end, this may have a material adverse effect on PPL's business, results of operations, financial condition and growth prospects.

#### ***Loss of major IFA customers***

PPL has several major IFA customers. If PPL's relationship with these customers terminates for any reason or if any of them significantly reduces its business with PPL and PPL is unable to replace those customers on a timely basis, or at all, PPL's business, results of operations, financial condition and growth prospects could be material adversely affected.



## **Paradigm Mortgages**

### ***Housing market slowdown***

If volumes of mortgage approvals decrease or house prices on average fall, the aggregate revenue earned by PMS from its share of mortgage procurement fees payable by lenders is also likely to decrease. Mortgage approvals and house prices are dependent on many factors which are beyond PMS' control. Any decrease in the mortgage approval levels or house prices could lead to a reduction in income payable to PMS, which could adversely affect PMS' business, results of operations, financial condition and growth prospects.

### ***Future regulation of currently unregulated 'mortgage clubs'***

The currently unregulated position of 'mortgage clubs' could, in the future, change, if the FCA elects to regulate them. Compliance with any such regulation would require management time, effort and cost and there is no guarantee that PMS would be able to operate in the same way as it does now in the light of such regulation. PMS' business, results of operations, financial condition and growth prospects could be material adversely affected.

## **General Risk Factors**

### ***Termination of lock-up arrangements and impact on share prices***

There can be no assurance that each of the parties who has entered into a Lock-in Agreement will not elect to sell their Ordinary Shares following the expiry of the Lock-in Agreement, details of which are set out in paragraph 10.5 of Part V of this Document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Group may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

### ***Further issuances of Ordinary Shares may be dilutive***

The Company may decide to offer additional shares in the future for capital raising or other purposes. Shareholders who do not take up or who are not eligible to take up such an offer will find their proportionate ownership and voting interests in the Company to be reduced. An additional offering could also have a material adverse effect on the market price of the Ordinary Shares as a whole.

### ***Applicable laws in the UK may discourage potential acquisition proposals and delay, deter or prevent a change of control of the Company, which may in turn reduce the value of the Ordinary Shares***

Under the FSMA change of control regime a person who has decided to acquire "control" over the TIML is required to seek consent from the FCA before doing so. TIML must also notify the FCA when the transaction which results in that acquisition takes place. A proposed "controller" for the purposes of the controller regime applicable to TIML is any natural or legal person (or such persons "acting in concert") who decides to acquire, directly or indirectly, control over TIML. "Control" over TIML is acquired if the acquirer:

- (a) holds 20 per cent. or more of the shares or voting rights in that company or in its parent undertaking; or
- (b) is able to exercise significant influence over the management of the firm by virtue of the acquirer's shares or voting power in the company or its parent undertaking.

The FCA has up to 60 working days from the date of submission of such a notification to approve any such acquisition. The FCA is permitted to serve a notice of objection to the acquisition of control and, if it does serve such a notice, is required to specify in the notice its reasons for the objections. If approval is given, it may be given unconditionally or subject to such conditions as the FCA considers appropriate. Breach of the notification and approval regime imposed by FSMA on controllers is a criminal offence.

These laws may change. In addition, a more onerous controller approval regime applies to banks, insurers and investment firms in scope of MiFID, amongst others. If TIML varies its regulatory permissions, it may become subject to the more onerous regime. These laws may, in their current or any future form, discourage potential acquisition proposals and may delay, deter or prevent a change of control of the Company, including through transactions, and in particular unsolicited

transactions, that some or all of the Shareholders might consider to be desirable. This may, in turn, reduce the value of the Ordinary Shares.

***Quotation on AIM, liquidity and possible price volatility***

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

Stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Group and others may be extraneous. These factors could include the performance of the Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

In addition, there can be no guarantee that TAM's Ordinary Shares will continue to trade on AIM in the future or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline or cease.

***Economic, political, administrative or other regulatory matters***

In addition to the impact of the downturn of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

***Changes in taxation law, the interpretation of existing tax laws and amendments to existing tax rates could adversely affect the Group's business***

Adverse changes in taxation laws (including changes to rates of taxation) and adverse changes in the interpretation and application of existing taxation laws by courts or taxation authorities could adversely affect the Group. The Group currently benefits from UK government policies aimed at encouraging personal savings through the application of tax relief to certain types of investment. The Group cannot predict the impact of future changes made to tax legislation on its business generally or the attractiveness of its investment offerings and products. Amendments to existing legislation (such as a withdrawal of tax reliefs or an increase in tax rates) or the introduction of new rules in the UK or other jurisdictions where the Group operates may have an impact on the investment decisions of either existing or potential customers. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates and/or the introduction of new tax legislation could significantly reduce gross sales or increase redemptions or change saving and investment patterns, and could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

***Dividends***

TAM's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. TAM's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions to TAM including foreign exchange limitations, and regulatory, fiscal and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on TAM's results or financial condition.

***Forward looking statements***

All statements other than statements of historical fact included in this Document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.



**PART III**  
**HISTORICAL FINANCIAL INFORMATION**  
**SECTION A – ACCOUNTANTS’ REPORT**

**Deloitte.**

Deloitte LLP  
4 Brindleyplace  
Birmingham  
B1 2HZ

The Board of Directors  
on behalf of Tatton Asset Management plc  
Paradigm House  
Brooke Court  
Lower Meadow Road  
Wilmslow  
SK9 3ND

Zeus Capital Limited  
82 King Street  
Manchester  
M2 4WQ

23 June 2017

Dear Sirs

**Tatton Asset Management plc**

We report on the financial information for the years ended 31 March 2015, 31 March 2016, and 31 March 2017 of Paradigm Partners Limited (“PPL”), Paradigm Mortgage Services LLP (“PMS”) and Tatton Capital Group Limited (“TCL”) set out in Section B of Part III of the AIM Admission Document dated 23 June 2017 of Tatton Asset Management plc (the “Company” and, together with its subsidiaries, the “Group”) (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in the “Basis of preparation and combination” section to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Paragraph (a) Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibilities**

As described in note 1 to the ‘General Information and Basis of Information’ the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment

of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 March 2015, 31 March 2016 and 31 March 2017 and of its profits, cash flows and changes in equity for the three years ended 31 March 2015, 31 March 2016 and 31 March 2017 in accordance with the basis of preparation set out in the "Basis of preparation and combination" section to the financial information.

### **Declaration**

For the purposes of Paragraph (a) Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

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## SECTION B – FINANCIAL INFORMATION

### Section 1: Historical Financial Information on the Group for the three years ended 31 March 2015, 31 March 2016 and 31 March 2017.

Combined Historical Financial Information for the three years ended 31 March 2015, 31 March 2016 and 31 March 2017.

#### COMBINED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March		
		2015 £000's	2016 £000's	2017 £000's
<b>Continuing Operations</b>				
<b>Revenue</b> .....	4	<b>8,451</b>	<b>9,160</b>	<b>11,864</b>
Administrative expenses .....		(5,365)	(6,153)	(8,107)
Provision against related party loans .....	9	—	—	(1,635)
Share of results of joint venture .....	15	—	(7)	(24)
<b>Operating profit</b> .....	5	<b>3,086</b>	<b>3,000</b>	<b>2,098</b>
Exceptional and non-recurring income/(costs) within operating profit .....	9	270	(264)	(2,412)
<b>Operating profit before exceptional and non-recurring items</b> .....		<b>2,816</b>	<b>3,264</b>	<b>4,510</b>
Finance costs .....	8	(42)	(60)	(36)
<b>Profit before tax</b> .....		<b>3,044</b>	<b>2,940</b>	<b>2,062</b>
Tax .....	10	(81)	(134)	(749)
<b>Profit and total comprehensive income for the year</b> .....		<b>2,963</b>	<b>2,806</b>	<b>1,313</b>
Attributable to:				
Owner of the Group .....	27	2,243	2,423	1,201
Non-controlling interests .....	27	720	383	112
		<b>2,963</b>	<b>2,806</b>	<b>1,313</b>

All results derive from continuing operations. There is no other income or losses, other than those presented above.

Earnings per share has not been presented due to such a measure not being meaningful in the context of combination accounting where the share capital of the Group has been aggregated.

# COMBINED STATEMENT OF FINANCIAL POSITION

		Year ended 31 March		
	Note	2015 £000's	2016 £000's	2017 £000's
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill .....	12	2,910	2,910	2,910
Property, plant and equipment .....	11	57	69	76
Investments in subsidiaries .....	13, 14	195	927	2,917
Interests in joint venture .....	15	—	(7)	(31)
<b>Total non-current assets .....</b>		<b>3,162</b>	<b>3,899</b>	<b>5,872</b>
<b>Current assets</b>				
Trade and other receivables .....	16	6,220	7,118	3,332
Cash and bank balances .....	17	222	375	687
<b>Total current assets .....</b>		<b>6,442</b>	<b>7,493</b>	<b>4,019</b>
<b>TOTAL ASSETS .....</b>		<b>9,604</b>	<b>11,392</b>	<b>9,891</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables .....	21	3,044	3,600	4,154
Borrowings .....	20	1,733	1,311	697
Current tax liabilities .....	22	81	972	1,586
<b>Total current liabilities .....</b>		<b>4,858</b>	<b>5,883</b>	<b>6,437</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities .....	19	—	4	9
<b>Total non-current liabilities .....</b>		<b>—</b>	<b>4</b>	<b>9</b>
<b>TOTAL LIABILITIES .....</b>		<b>4,858</b>	<b>5,887</b>	<b>6,446</b>
<b>NET ASSETS .....</b>		<b>4,746</b>	<b>5,505</b>	<b>3,445</b>
<b>EQUITY</b>				
Share capital .....	25	110	112	113
Share premium account .....		1,483	6,981	6,981
Retained earnings and members interests .....		3,153	3,180	1,119
Merger reserve .....		—	(4,768)	(4,768)
<b>TOTAL EQUITY .....</b>		<b>4,746</b>	<b>5,505</b>	<b>3,445</b>
Attributable to:				
Owner of the Group .....	27	3,395	4,488	2,759
Non-controlling interests .....	27	1,351	1,017	686
		<b>4,746</b>	<b>5,505</b>	<b>3,445</b>

		Share capital £000's	Share premium account £000's	Retained earnings and members interests £000's	Merger reserve £000's	Total equity £000's
	Note					
Balance at 1 April 2014.....		107	1,483	2,189	—	3,779
Issue of share capital .....		3	—	—	—	3
Profit and total comprehensive income for the year .....		—	—	2,963	—	2,963
Dividends.....	26	—	—	(1,999)	—	(1,999)
<b>Balance at 31 March 2015 ..</b>		<b>110</b>	<b>1,483</b>	<b>3,153</b>	<b>—</b>	<b>4,746</b>
Issue of share capital .....		2	5,498	—	—	5,500
Profit and total comprehensive income for the year .....		—	—	2,806	—	2,806
Transfer of trade from LLP to limited company .....		—	—	—	(4,768)	(4,768)
Dividends.....	26	—	—	(2,779)	—	(2,779)
<b>Balance at 31 March 2016 ..</b>		<b>112</b>	<b>6,981</b>	<b>3,180</b>	<b>(4,768)</b>	<b>5,505</b>
Issue of share capital .....		1	—	—	—	1
Profit and total comprehensive income for the year .....		—	—	1,313	—	1,313
Dividends.....	26	—	—	(3,374)	—	(3,374)
<b>Balance at 31 March 2017 ..</b>		<b>113</b>	<b>6,981</b>	<b>1,119</b>	<b>(4,768)</b>	<b>3,445</b>

The share premium account represents the excess over par at which shares are issued for.

The retained earnings and members' interests reserve represents the profits and losses retained in the periods, less dividends declared, which have been combined with the LLP members' capital and current accounts at the period ends.

The merger reserve arises due to merger accounting to account for the acquisition of the trade and assets of Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP) by Paradigm Partners Limited as though it was a continuation of the same legal entity. This merger accounting measured any assets and liabilities that were transferred at carrying value rather than fair value. The Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP) business was purchased for £4,768,000, which was its deemed fair value at the date of acquisition.

## COMBINED STATEMENT OF CASH FLOWS

		Year ended 31 March		
	Note	2015 £000's	2016 £000's	2017 £000's
<b>ASSETS</b>				
<b>Net cash from operating activities</b> .....	28	<b>2,276</b>	<b>3,392</b>	<b>6,316</b>
<b>Investing activities</b>				
Acquisition of subsidiary, net of cash acquired...		—	(732)	(1,990)
Acquisition of joint venture, net of cash acquired		—	7	24
Purchase of property, plant and equipment .....		(18)	(45)	(51)
<b>Net cash from investing activities</b> .....		<b>(18)</b>	<b>(770)</b>	<b>(2,017)</b>
<b>Financing activities</b>				
Proceeds from the issue of shares .....		3	732	1
Dividends paid .....		(1,999)	(2,779)	(3,374)
Repayment of borrowings .....		(563)	(363)	—
<b>Net cash from financing activities</b> .....		<b>(2,559)</b>	<b>(2,410)</b>	<b>(3,373)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b> .....	28	<b>(301)</b>	<b>212</b>	<b>926</b>
Net overdraft at 1 April .....		(847)	(1,148)	(936)
<b>Net overdraft at 31 March</b> .....	17	<b>(1,148)</b>	<b>(936)</b>	<b>(10)</b>

The notes on pages 50 to 78 form part of the Historical Financial Information.

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### General Information

Tatton Asset Management Plc (formerly Tatton Asset Management Limited) (the “Company”) is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Paradigm House, Brooke Court, Lower Meadow Road, Wilmslow, SK9 3ND. The principal activities of the Company together with the subsidiaries listed below (the “Group”) are set out in note 4. The Group is the combination of the below listed entities.

The “Historical Period” refers to the three years ended 31 March 2017. “2017”, “2016” and “2015” throughout refers to the years ended 31 March 2017, 31 March 2016 and 31 March 2015 respectively.

### Basis of preparation and combination

The Combined Historical Financial Information (“HFI”) has been prepared for the Group which comprises the following entities which are under the common control of Paul Hogarth:

- Tatton Asset Management Plc (formerly Tatton Asset Management Limited)
- Paradigm Partners Limited and its predecessor, Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP);
- Paradigm Mortgage Services LLP;
- Tatton Capital Group Limited;
- Tatton Capital Limited;
- Tatton Investment Management Limited;
- Tatton Oak Limited; and
- Tatton Onshore Tax Strategies Limited.

### International Financial Reporting Standards

IFRS does not explicitly provide guidance for the preparation of combined Historical Financial Information and as such, in preparing the combined Historical Financial Information certain accounting conventions commonly used for the preparation of Historical Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 *Investment Reporting Standards applicable to public reporting engagements on Historical Financial Information*, issued by the UK Auditing Practices Board (“SIR 2000”) have been applied. The Historical Financial Information is therefore prepared on a combined basis and has been prepared by applying the relevant principles underlying the consolidation procedures of IFRS 10, Consolidated Financial Statements.

The combined Historical Financial Information has been prepared in accordance with the requirements of the Prospectus Directive regulation and the UK Listing Rules. The Historical Financial Information has been prepared in accordance with IFRS as effective for the financial period beginning on 1 April 2016, subject to:

- The application of SIR 2000 as described above; and
- The omission of earnings per share on the basis that such a measure is not meaningful in the context of combination accounting where the share capital of the Group has been aggregated.

### Combination and consolidation

Of the entities within the Group, only Tatton Capital Limited, Tatton Oak Limited and Tatton Investment Management Limited have been consolidated at the Tatton Capital Limited level, due to these entities having formed a legal group in the HFI period. Tatton Capital Limited (consolidated) has then been combined with the remaining entities in the Group due to the remaining entities having not previously formed a legal group. Rather, these entities are under the common management and control of Paul Hogarth, and as such, the HFI has been prepared on a combined basis. Accordingly, the combined Historical Financial Information has been prepared specifically for the purposes of this Admission Document in accordance with the guidance in paragraph 26 of the Annexure to SIR 2000 with the results and net assets of the relevant entities being aggregated (with eliminations for intercompany transactions and balances), as are the related share capital balances and reserves. Paradigm Partners Ltd holds a 70per cent. stake in Paradigm Mortgage



Services LLP, however this HFI presents the aggregation of Paradigm Mortgage Services LLP, rather than a consolidation into Paradigm Partners Ltd.

The assets, liabilities and the statement of comprehensive income of the entities comprising the Group have been aggregated. All transactions and balances between entities included within the combined Historical Financial Information have been eliminated.

The combined Historical Financial Information incorporates the financial statements of the Group entities made up to 31 March each year. Two of the Group members, Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP) and Paradigm Mortgage Services LLP have had statutory year ends of 30 April. This HFI presents the actual results to 31 March for all entities.

#### Merger accounting

On 1 January 2016, Paradigm Partners Ltd (formerly Paradigm Partners (Wilmslow) Ltd) acquired the trade, assets and liabilities of Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP) and continued in the same trade from that date. This reflected an effective group and capital restructuring exercise. There was no change in ownership or control as a result of the transaction, and the nature of the trade remained unchanged. This merger accounting resulted in the measurement of the assets and liabilities that were transferred at carrying value rather than fair value. The difference between the carrying value of assets and liabilities transferred and the consideration paid is taken directly to the merger reserve.

#### Fair value

The combined Historical Financial Information has been prepared on the historical cost basis except in respect of those financial instruments that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the combined HFI is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

#### Currency

The Historical Financial Information is presented in pounds sterling, which is the functional currency of the Group being the primary economic environment in which it operates.

#### Subsidiaries

The results of subsidiaries acquired or disposed of by the Group during the year are included in the combined statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on combination.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-

controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Adoption of new and revised IFRSs in issue but not yet effective

At the date of authorisation of the HFI, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
IFRS 2 (amendments)	<i>Classification and Measurement of Share-based Payment Transactions</i>
IAS 7 (amendments)	<i>Disclosure Initiative</i>
IAS 12 (amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, however IFRS 15 may have an impact on how revenue is measured and disclosed within the financial statements. Beyond this, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

### Accounting Policies

#### 2.1 Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. In making this assessment they have considered the Group's budgets (including cash flow forecasts) for the period to 31 March 2019 and the proceeds from the Initial Public Offering. The Group has an overdraft facility but no other external debt facilities, and is operating in a sector that is experiencing growing demand for its products and services. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore have adopted the going concern basis of accounting in preparing the HFI.

#### 2.2 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.

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

- Fees charged to IFAs for compliance consultancy services, which is recognised on an accruals basis;
- Fees for providing investment platform services. This revenue is calculated and recognised daily based on the AUI held on the relevant investment platform;
- Fees for discretionary fund management services in relation to on-platform investment AUM. This revenue is calculated and recognised daily based on the AUM;
- Fees for mortgage related services including commissions from mortgage and other product providers and referral fees from strategic partners. Commission is recognised on an accruals basis; and
- Fees for marketing services provided to providers of mortgage and investment products, which is measured on an accruals basis.

## 2.3 Exceptional items

Exceptional items are those costs or incomes that in the view of the Board of Directors, require separate disclosure by virtue of their size or incidence, and are charged/credited in arriving at operating profit in the HFI.

## 2.4 Finance cost

Net financing costs comprise interest payable and bank charges.

## 2.5 Impairment of assets

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 income statement 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 value in use.

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

## 2.6 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. The principal annual rates are as follows:

Computer, office equipment and motor	Between 20 per cent. – 33 per cent. per annum straight line
Fixtures and fittings	20 per cent. per annum 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 the 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.

## 2.7 Business combinations

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 cash-generating units expected to benefit from the synergies of the combination. Cash-generating units 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 cash-generating unit 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.

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 asset or liability resulting from 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. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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 of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## **2.8 Cash and bank balances**

Cash and bank balances comprise cash balances 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 Combined Statement of Cash Flows.

## **2.9 Financial instruments**

Financial assets and financial liabilities are recognised in the Group's 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.

#### *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, less any impairment losses.

#### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

The Group does not hold or issue derivative financial instruments for trading purposes.

## **2.10 Leases**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

#### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **2.11 Foreign currencies**

For the purpose of the HFI, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the Company and Group, and the presentation currency for the combined HFI.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Statement



of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## **2.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

### *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 arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and 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 differences 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 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 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 tax 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.



### **2.13 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 schemes 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.

### **2.14 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.

### **2.15 Allocation of profits and drawings**

The HFI for the Group contains two Limited Liability Partnerships whose accounts recognised member's drawings as an expense which was charged after Profit on Ordinary Activities for the Year in the individual accounts of the LLPs. In presenting this combined HFI, these costs have been reclassified as Directors Remuneration and is therefore included within Administrative expenses.

### **2.16 Share capital**

The Group contains two Limited Liability Partnerships for some or all of the period covered by this HFI. As members' reserves and share capital do not necessarily equate, for the purposes of this combination, member balances have been included within profit and loss reserves.

## **3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

### ***Critical judgements in applying the Group's accounting policies***

Management do not consider that there are critical judgements to be made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in financial statements.

### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a

suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet dates was £2.9 million.

The Group generates marketing income from certain providers of investment and mortgage products. This income is invoiced in arrears (normally on a quarterly basis) based on the actual services provided to each customer for the relevant period, and it is therefore necessary to make estimates in assessing marketing revenue levels for the reporting period. Any inaccuracies in such revenue estimates will be corrected in the subsequent reporting period.

The Group reviews the estimated useful lives and residual values of Property Plant and Equipment assets at the end of each reporting period. Any revision in estimated useful lives or residual values will result in a change in the depreciation charge in subsequent reporting periods.

The Group has entered into a lease in respect of a property occupied by Paradigm Partners Limited. This lease contains a dilapidations clause under which Paradigm Partners Limited has an obligation to return the property to its original condition at the end of the lease. The Group made a provision of £75,000 within Other Payables in respect of estimated lease dilapidation costs. This provision has been retained at the same level in the Combined Statement of Financial Position at 31 March 2015, 31 March 2016 and 31 March 2017.

#### **4. OPERATING SEGMENTS**

All of the Group's revenue during the years from 1 April 2014 to 31 March 2017 was derived from continuing operations. An analysis of the Group's operations is as follows:

##### **Services from which reportable segments derive their revenues**

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 focussed on the type of revenue. The principal types of revenue are the provision of compliance and support services to IFAs (PPL), the provision of mortgage advisor support services (PMS) and the marketing and promotion of Tatton Oak funds and discretionary fund management (TCL).

The Group's reportable segments under IFRS8 are therefore PPL, PMS, TCL and "Central" which contains the Group's central overhead costs.

The principal activity of PPL is that of provision of support services to IFAs.

The principal activity of PMS is that of a mortgage and protection distributor.

The principal activity of TCL is that of DFM.

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

<b>Year ended 31 March 2015</b>	<b>Paradigm Partners £000's</b>	<b>Paradigm Mortgage Services £000's</b>	<b>Tatton £000's</b>	<b>Central £000's</b>	<b>Combined £000's</b>
<b>Total Gross Income</b> .....	7,033	1,107	1,532	—	9,672
IFAs' share of total gross income .....	(1,221)	—	—	—	(1,221)
<b>IFRS Revenue</b> .....	<b>5,812</b>	<b>1,107</b>	<b>1,532</b>	<b>—</b>	<b>8,451</b>
Administrative expenses .....	(3,037)	(692)	(1,059)	(577)	(5,365)
<b>Operating profit</b> .....	<b>2,775</b>	<b>415</b>	<b>473</b>	<b>(577)</b>	<b>3,086</b>
Exceptional and non-recurring items .....	181	—	89	—	270
<b>Operating profit before exceptional and non-recurring items</b> .....	<b>2,594</b>	<b>415</b>	<b>384</b>	<b>(577)</b>	<b>2,816</b>
Finance costs .....	(41)	(1)	—	—	(42)
<b>Profit before tax</b> .....	<b>2,734</b>	<b>414</b>	<b>473</b>	<b>(577)</b>	<b>3,044</b>

<b>Year ended 31 March 2016</b>	<b>Paradigm Partners £000's</b>	<b>Paradigm Mortgage Services £000's</b>	<b>Tatton £000's</b>	<b>Central £000's</b>	<b>Combined £000's</b>
<b>Total Gross Income</b> .....	6,506	1,514	2,211	—	10,231
IFAs' share of total gross income .....	(1,071)	—	—	—	(1,071)
<b>IFRS Revenue</b> .....	<b>5,435</b>	<b>1,514</b>	<b>2,211</b>	<b>—</b>	<b>9,160</b>
Administrative expenses .....	(2,753)	(798)	(1,990)	(612)	(6,153)
Share of results of joint venture .....	(7)	—	—	—	(7)
<b>Operating profit</b> .....	<b>2,675</b>	<b>716</b>	<b>221</b>	<b>(612)</b>	<b>3,000</b>
Exceptional and non-recurring items .....	(66)	—	(198)	—	(264)
<b>Operating profit before exceptional and non-recurring items</b> .....	<b>2,741</b>	<b>716</b>	<b>419</b>	<b>(612)</b>	<b>3,264</b>
Finance costs .....	(44)	(15)	(1)	—	(60)
<b>Profit before tax</b> .....	<b>2,631</b>	<b>701</b>	<b>220</b>	<b>(612)</b>	<b>2,940</b>

<b>Year ended 31 March 2017</b>	<b>Paradigm Partners £000's</b>	<b>Paradigm Mortgage Services £000's</b>	<b>Tatton £000's</b>	<b>Central £000's</b>	<b>Combined £000's</b>
<b>Total Gross Income</b> .....	6,758	1,794	4,317	—	12,869
IFAs' share of total gross income .....	(1,005)	—	—	—	(1,005)
<b>IFRS Revenue</b> .....	<b>5,753</b>	<b>1,794</b>	<b>4,317</b>	<b>—</b>	<b>11,864</b>
Administrative expenses .....	(2,869)	(967)	(3,292)	(979)	(8,107)
Provision against related party loans .....	(350)	(1,251)	(34)	—	(1,635)
Share of results of joint venture .....	(24)	—	—	—	(24)
<b>Operating profit</b> .....	<b>2,510</b>	<b>(424)</b>	<b>991</b>	<b>(979)</b>	<b>2,098</b>
Exceptional and non-recurring items .....	(373)	(1,251)	(233)	(555)	(2,412)
<b>Operating profit before exceptional and non-recurring items</b> .....	<b>2,883</b>	<b>827</b>	<b>1,224</b>	<b>(424)</b>	<b>4,510</b>
Finance costs .....	(33)	(3)	—	—	(36)
<b>Profit before tax</b> .....	<b>2,477</b>	<b>(427)</b>	<b>991</b>	<b>(979)</b>	<b>2,062</b>

Total Gross Income represents the gross income prior to allocating to IFAs their share of income relating to pre Retail Distribution Review investments.

The accounting policies described in note 2 are the same as used for the reportable segments presented to the CODM. The segmental results presented above is before the allocation of central administration costs including directors' salaries, investment revenue, and income tax expense. Finance costs are allocated to the relevant segment. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. Segment assets and liabilities are not reported to the CODM on a segmental basis and are therefore not disclosed. All turnover arose in the United Kingdom. No single customer contributed 10 per cent. or more to the Group's revenue in the HFI period.

## 5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

		<b>Year ended 31 March</b>		
		<b>2015 £000's</b>	<b>2016 £000's</b>	<b>2017 £000's</b>
<b>ASSETS</b>	<b>Note</b>			
<b>Continuing operations</b>				
Depreciation of property, plant and equipment...		34	33	44
Operating lease charges – plant, machinery & vehicles .....		14	14	11
Operating lease charges – land and buildings ....		137	164	179
Exceptional and non-recurring (income) / costs .....	9	(270)	264	2,412

## 6. STAFF NUMBERS AND COSTS

The average monthly number of employees of the Group (including executive directors) during each year, analysed by category, was as follows:

	Year ended 31 March		
	2015 Number	2016 Number	2017 Number
Staff (including LLP members) .....	59	62	67

The aggregate remuneration comprised:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Wages and salaries .....	3,063	2,894	3,281
Social security costs .....	199	202	323
Other pension costs .....	30	59	131
	<b>3,292</b>	<b>3,155</b>	<b>3,735</b>

## 7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors and partners, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The reportable key management personnel are considered to be comprised of the Company Directors and the LLP members, the remuneration of whom is detailed below:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Short term employee benefits .....	524	553	489
Post-employment benefits .....	5	25	55
	<b>529</b>	<b>578</b>	<b>544</b>

Paul Hogarth was not paid a salary after 31 January 2016. If the Group had continued to pay Paul Hogarth's salary, short term employee benefits would have been £33,000 higher for 2016 and £200,000 higher for 2017.

Retirement benefits are accruing to the following number of key management personnel under company pension schemes as follows:

	Year ended 31 March		
	2015 Number	2016 Number	2017 Number
Personal pension plans .....	1	1	2

The highest paid key manager received remuneration in 2017 of £269,000 (2016 – £193,000) (2015 – £200,000)

## 8. FINANCE COSTS

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Bank interest payable .....	23	29	18
Bank charges .....	19	31	18
<b>Total interest payable (net) .....</b>	<b>42</b>	<b>60</b>	<b>36</b>

## 9. EXCEPTIONAL AND NON- RECURRING (INCOME) / COSTS

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Adjustment for contingent deferred consideration .....	(96)	(142)	—
One-off costs relating to corporate transactions .....	53	66	9
Product launch costs .....	7	340	143
Release of prior periods' deferred income provision .....	(234)	—	—
IPO costs to date .....	—	—	625
Provision against related entity loans .....	—	—	1,635
<b>Total .....</b>	<b>(270)</b>	<b>264</b>	<b>2,412</b>

Exceptional and non-recurring items included within operating profit 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.

The adjustment for contingent deferred consideration relates to reductions in the amount of deferred consideration payable on the acquisition of Tatton Oak Limited in 2015 and 2016. As a result of the actual deferred consideration being lower than initially anticipated, this adjustment has been credited to the Combined Income Statement as part of exceptional and non-recurring items within administrative expenses.

Legal and other one-off costs incurred in connection with the following corporate transactions are shown as part of exceptional and non-recurring items within administrative expenses in the Combined Income Statement:

- The acquisition by Paradigm Partners Limited (formerly Paradigm Partners (Wilmslow) Limited) of the trade, assets and liabilities of Paradigm Partners (Wilmslow) LLP (formerly Paradigm Partners LLP) on 1 January 2016.
- The acquisition of a shareholding in Adviser Cloud Limited in December 2015.

In December 2015, Tatton launched a series of funds as part of its discretionary funds management service. The costs directly associated with the launch of the funds including external consultancy costs and additional charges incurred during the launch period are shown as part of exceptional and non-recurring items within administrative expenses in the Combined Income Statement.

In 2015, amounts due to IFAs amounting to £234,000, which had originally been provided for as a deduction from revenue prior to 1 April 2014, were released in the Combined Income Statement as they were no longer required to be paid.

At 31 March 2017, Paradigm Mortgage Services LLP made full provision of £1,251,000 against the recoverability of amounts due from Jargon Free Benefits LLP, an entity controlled by Paul Hogarth.

At 31 March 2017, Paradigm Partners Limited and Tatton Investment Management Limited made full provision against the recoverability of amounts due from Amber Financial Investments Limited of £350,000 and £34,000 respectively.



In addition to the exceptional and non-recurring items described above, the following amounts were charged by Tatton Oak Limited's investment manager in each period. Tatton Oak Limited has served notice to terminate its contract with the investment manager and will manage the Tatton Oak funds in-house from August 2017 when the external fund management contract terminates.

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Amounts charged by Tatton Oak Limited's investment manager .....	908	1,057	1,017

## 10. TAX

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Corporation tax:</b>			
Current year .....	82	130	744
Adjustments in respect of prior periods .....	(1)	—	—
Current tax expense .....	81	130	744
<b>Deferred tax (note 19)</b>			
Origination and reversal of temporary differences .....	—	4	5
<b>Total tax expense</b> .....	<b>81</b>	<b>134</b>	<b>749</b>

Corporation tax is calculated at 20 per cent. for 2017 (2016: 20 per cent., 2015: 21 per cent.) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Profit before taxation:</b> .....	<b>3,044</b>	<b>2,940</b>	<b>2,062</b>
Tax at UK corporation tax rate of 20per cent. (2016: 20per cent., 2015: 21per cent.) .....	639	588	412
Tax effect of expenses that are not deductible .....	4	5	246
Capital allowances in excess of depreciation .....	—	—	1
Tax effect of income not taxable .....	(20)	(28)	—
LLP members of group not subject to corporation tax .....	(540)	(431)	85
Prior year adjustments .....	(2)	—	—
Tax effect of share of associate profit .....	—	—	5
<b>Tax expense for the year</b> .....	<b>81</b>	<b>134</b>	<b>749</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

	Computer, office equipment and motor £000's	Fixtures and fittings £000's	Total £000's
<b>Cost</b>			
Balance at 1 April 2014 .....	240	214	454
Additions .....	18	—	18
<b>Balance at 31 March 2015 .....</b>	<b>258</b>	<b>214</b>	<b>472</b>
Additions .....	45	—	45
<b>Balance at 31 March 2016 .....</b>	<b>303</b>	<b>214</b>	<b>517</b>
Additions .....	51	—	51
<b>Balance at 31 March 2017 .....</b>	<b>354</b>	<b>214</b>	<b>568</b>
<b>Accumulated depreciation and impairment</b>			
Balance at 1 April 2014 .....	170	211	381
Charge for the year.....	33	1	34
<b>Balance at 31 March 2015 .....</b>	<b>203</b>	<b>212</b>	<b>415</b>
Charge for the year.....	32	1	33
<b>Balance at 31 March 2016 .....</b>	<b>235</b>	<b>213</b>	<b>448</b>
Charge for the year.....	43	1	44
<b>Balance at 31 March 2017 .....</b>	<b>278</b>	<b>214</b>	<b>492</b>
<b>Carrying amount</b>			
As at 31 March 2017 .....	76	—	76
As at 31 March 2016 .....	68	1	69
As at 31 March 2015 .....	55	2	57

## 12. GOODWILL

	Goodwill £000's
<b>Cost</b>	
<b>Balance at 1 April 2014</b> .....	2,910
Adjustment for provisional fair value of consideration.....	—
<b>Balance at 31 March 2015</b> .....	2,910
Adjustment for provisional fair value of consideration.....	—
<b>Balance at 31 March 2016</b> .....	2,910
Adjustment for provisional fair value of consideration.....	—
<b>Balance at 31 March 2017</b> .....	2,910
<b>Carrying amount</b>	
<b>As at 31 March 2017</b> .....	2,910
<b>As at 31 March 2016</b> .....	2,910
<b>As at 31 March 2015</b> .....	2,910

The goodwill of £2.9 million arising from the acquisition in 2014 of an interest in Tatton Oak Limited by Tatton Capital Limited consists of the future synergies and forecast profits of the Tatton Oak business. 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 an impairment charge is made. Such impairment is charged to the Combined Statement of Comprehensive Income.

### *Impairment testing*

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

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated entirely to the business of Tatton Oak Limited.

The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the CGUs and the group of units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs and the group of units. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years.

The Directors have considered the carrying value of goodwill at 31 March 2017 and do not consider that it is impaired.

### 13. INVESTMENT IN SUBSIDIARIES

	Investments £000's
<b>Cost</b>	
<b>Balance at 1 April 2014</b> .....	<b>195</b>
<b>Balance at 31 March 2015</b> .....	<b>195</b>
Additions .....	732
<b>Balance at 31 March 2016</b> .....	<b>927</b>
Additions .....	1,990
<b>Balance at 31 March 2017</b> .....	<b>2,917</b>

On 31 March 2017, Paradigm Partners Limited acquired 2,500 E Ordinary shares in Tatton Capital Group Limited from Paradigm Management Partners LLP for a consideration of £1,990,336. The above investments figures are shown on a combined basis due to the common control/SIR 2000 rules.

The investments relate to the following entities:

	2015 £000's	2016 £000's	2017 £000's
Investment in Tatton Capital Limited (direct subsidiary of Tatton Capital Group Limited) .....	192	192	192
Investment in Tatton Oak Limited (direct subsidiary of Tatton Capital Limited) .....	—	—	—
Investment in Tatton Investment Management Limited (direct subsidiary of Tatton Capital Limited) .....	—	—	—
Investment in Tatton Capital Group Limited .....	3	3	1,993
Investment in Paradigm Mortgage Services LLP (direct subsidiary of Paradigm Partners Limited) .....	—	732	732
Investment in Tatton Onshore Tax Strategies Limited (direct subsidiary of Tatton Capital Group Limited) .....	—	—	—
Investment in Paradigm IFA Company Limited (direct subsidiary of Tatton Capital Limited) .....	—	—	—
	<b>195</b>	<b>927</b>	<b>2,917</b>

The investments in subsidiaries are all stated at cost less provision for impairments. The investments in Tatton Oak Limited and Tatton Investment Management Limited have been eliminated on consolidation at the Tatton Capital Limited level.

#### 14. SUBSIDIARIES

Paul Hogarth, as at 31 March 2017, held investments in the following subsidiaries:

<b>Subsidiaries</b>	<b>Business Activity</b>	<b>Country of Incorporation</b>	<b>Voting power (per cent.) 31 March 2017</b>
Paradigm Partners Limited	Provision of support services to independent financial advisors	England & Wales	<b>95.00</b>
Paradigm Mortgage Services LLP	Provision of mortgage advisor support services	England & Wales	<b>66.50</b>
Tatton Capital Group Limited	Group holding company	England & Wales	<b>73.06</b>
Tatton Capital Limited	Group holding company	England & Wales	<b>73.06</b>
Tatton Oak Limited	Marketing and promotion of Tatton Oak funds	England & Wales	<b>73.06</b>
Tatton Investment Management Limited	Discretionary fund management	England & Wales	<b>73.06</b>
Tatton Onshore Tax Strategies Limited	Manager of AIM investment portfolios	England & Wales	<b>73.06</b>
Paradigm IFA Company Limited	Non trading	England & Wales	<b>73.06</b>

See note 31 for details regarding the change in ownership of the entities and the Group after the Statement of Financial Position date.

#### 15. INVESTMENT IN JOINT VENTURES

The Group, as at the date of this admission document, holds investments in the following joint venture:

<b>Joint venture</b>	<b>Business Activity</b>	<b>Country of Incorporation</b>	<b>Voting power (per cent.) 31 March 2017</b>
Adviser Cloud Limited	Software company	England & Wales	<b>50</b>

	<b>Year ended 31 March</b>		
	<b>2015 £000's</b>	<b>2016 £000's</b>	<b>2017 £000's</b>
<b>Carrying value</b>			
<b>At 1 April</b> .....	—	—	<b>(7)</b>
Share of retained (loss) for the year .....	—	(7)	(24)
<b>At 31 March</b> .....	<b>—</b>	<b>(7)</b>	<b>(31)</b>

The historical cost of the joint venture was £1, when it was acquired in December 2015, and has not changed since.

## 16. TRADE AND OTHER RECEIVABLES

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Trade receivables .....	102	493	125
Other receivables .....	109	30	258
Directors and partners balances receivable .....	1,877	131	286
Related entity balances receivable .....	3,181	4,453	533
Prepayments and accrued income .....	951	1,169	1,288
Deferred tax asset (see note 22) .....	—	842	842
	<b>6,220</b>	<b>7,118</b>	<b>3,332</b>

Further details of amounts included in directors, partners and related entity receivables can be found in note 32.

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The Directors consider the carrying amount of trade and other receivables under IFRS is approximately equal to their fair value.

## 17. CASH AND BANK BALANCES

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Bank balances .....	222	375	687
Bank overdrafts .....	(1,370)	(1,311)	(697)
<b>Net overdraft</b> .....	<b>(1,148)</b>	<b>(936)</b>	<b>(10)</b>

## 18. PENSIONS

The Group contributes to employee's personal pension plans. The pension charge for the period represents contributions payable by the Group and the amounts payable each period are presented in note 6.

As at 31 March 2017, contributions of £17,000 (2016: £11,000; 2015: £6,000) due in respect of the current reporting period had not been paid over to the schemes.



## 19. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group and movements thereon during the year.

	Accelerated capital allowances £000's	Tax losses £000's	Total £000's
<b>As at 1 April 2014</b> .....	<b>7</b>	<b>(7)</b>	<b>—</b>
Charge to Statement of Comprehensive Income .....	(2)	2	—
<b>As at 31 March 2015</b> .....	<b>5</b>	<b>(5)</b>	<b>—</b>
Charge to Statement of Comprehensive Income .....	4	—	4
<b>As at 31 March 2016</b> .....	<b>9</b>	<b>(5)</b>	<b>4</b>
Charge to Statement of Comprehensive Income .....	5	—	5
<b>As at 31 March 2017</b> .....	<b>14</b>	<b>(5)</b>	<b>9</b>

At the balance sheet date, the group has unused tax losses of £23,410 (2016:£23,410, 2015: £32,494) available for offset against future profits. A deferred tax asset has been recognised in respect of £23,410 (2016:£23,410, 2015: £32,494) of such losses. These losses can be carried forward indefinitely.

## 20. BORROWINGS

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Borrowing at amortised cost – current</b>			
Bank overdrafts .....	1,370	1,311	697
Other loans .....	363	—	—
	<b>1,733</b>	<b>1,311</b>	<b>697</b>
<b>Borrowing at amortised cost – non current</b>			
Other loans .....	—	—	—
<b>Total liabilities</b> .....	<b>1,733</b>	<b>1,311</b>	<b>697</b>

Bank overdrafts are repayable on demand. The bank overdrafts are secured by a fixed and floating charge over all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

The average effective interest rate on bank overdrafts approximates 3.03 per cent. per annum for 2017 (2016: 3.20 per cent., 2015: 3.48 per cent.). The other loans are unsecured and carry no rate of interest.

## 21. TRADE AND OTHER PAYABLES

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Trade payables.....	341	261	222
Other taxes and social security.....	119	125	185
Accruals and deferred income.....	548	777	1,449
Other payables.....	776	756	842
Related entity balances payable .....	1,260	1,681	1,456
	<b>3,044</b>	<b>3,600</b>	<b>4,154</b>

Trade creditors and accruals principally comprise amounts outstanding for administrative costs. The average credit period taken for trade purchases is in line with normal supplier terms (typically 30 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Further details of amounts included in related entity payables can be found in note 32.

## 22. CURRENT TAX LIABILITIES

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Corporation tax.....	81	130	744
Section 455 tax liability.....	—	842	842
	<b>81</b>	<b>972</b>	<b>1,586</b>

A tax liability of £842,000 arose under the loans to participators rules as a result of certain loans made by Paradigm Partners LLP (before incorporation) to both Jargonfree Benefits LLP and Paradigm Management Partners LLP. As the loans were subsequently settled on 31 March 2017, any tax arising would be due for repayment by HMRC by 1 January 2018. This tax liability is shown within current tax liabilities at 31 March 2016 and 31 March 2017 and also within trade and other receivables as at these dates.

## 23. 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 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 resources and other borrowings. Short term flexibility is satisfied by overdraft facilities in Paradigm Partners Limited which are repayable on demand and due for renewal in October 2017.

### *Interest rate risk*

The Group finances its operations through a combination of retained profits and bank overdrafts. The Group has an exposure to interest rate risk, as the overdraft facility is at an interest rate of 2.7per cent. above the base rate. At 31 March 2017, borrowings comprised overdrafts of £697,000 representing 100per cent. of total borrowings.

Credit risk is the risk that a counter-party will cause a financial loss to the Group by failing to discharge its obligation to the Group. 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 credit worthiness 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.

*Liquidity risk*

All financial instruments are categorised as loans and receivables.

The following table provides an analysis of the contractual maturities for the non-derivative financial liabilities held by the Group:

	Due on demand £000's	Due < 3 months £000's	Due between 3-12 months £000's	Due 1-5 years £000's	Due > 5 years £000's	Total £000's
<b>31 March 2017</b>						
Trade and other payables .....	2,298	1,856	—	—	—	4,154
Borrowings .....	697	—	—	—	—	697
	<b>2,995</b>	<b>1,856</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,851</b>

The Group does not hold any derivative financial liabilities.

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Financial assets measured at amortised cost .....	211	523	383
Financial liabilities measured at amortised cost .....	4,777	4,911	4,851

Financial assets measured at fair value through profit or loss comprise cash and bank balances. Financial assets measured at amortised cost comprise trade and other receivables (see note 16). Financial liabilities measured at amortised cost comprise trade and other payables, accruals, related entity balances payable, other loans and bank overdrafts (see notes 20 and 21).

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables designated as fair value through profit and loss. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

## 24. CAPITAL RISK MANAGEMENT

The Group aims to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns and to maintain sufficient financial flexibility to undertake planned investments, whilst providing the maximum return for Shareholders. The Group also aims to optimise its capital structure in order to reduce the cost of capital and support the Group's operations. The Group's capital structure represents the equity attributable to the Shareholders of the Company together with borrowings, cash and bank balances. The Group's capital structure is regularly reviewed to ensure that an appropriate level of gearing is used.

On 19 January 2017, Tatton Investment Management Limited became a regulated entity by the Financial Conduct Authority ("FCA") under the Financial Services and Markets Act 2000, and is now subject to regulatory supervision by the FCA.

Tatton Investment Management Limited is permitted to carry out certain regulated activities that are set out in a Scope of Permission Notice issued by the FCA on 19 January 2017. These include managing investments and dealing in investments as an agent. Under the terms of its FCA permission, Tatton Investment Management Limited is required to maintain a minimum level of capital and to monitor and report on compliance with this minimum capital requirement. The minimum level of capital required is the higher of:

- Pillar 1 the higher of;
  - The fixed overhead requirement – being 25 per cent. of fixed overheads, or
  - The credit risk capital requirement plus market risk capital requirement
- Pillar 2 orderly wind down cost assessment.

Management has assessed the regulatory capital requirement to be 25 per cent. of Tatton Investment Management Limited's fixed overheads.

## 25. SHARE CAPITAL

	Year ended 31 March		
	2015 No.	2016 No.	2017 No.
<b>Authorised, issued and fully paid</b>			
£1 A Ordinary shares – Tatton Capital Limited .....	50,000	50,000	50,000
10 pence B Ordinary shares – Tatton Capital Limited .....	88,500	94,000	99,380
10 pence C Ordinary shares – Tatton Capital Limited .....	4,800	4,800	4,800
10 pence D Ordinary shares – Tatton Capital Limited .....	2,500	2,500	2,500
£1 A Ordinary shares – Tatton Capital Group Limited .....	40,000	40,000	40,000
£1 B Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 C Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 D Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 E Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
1 penny preference shares – Paradigm Partners Limited .....	—	20,000	20,000
1 penny A ordinary shares – Paradigm Partners Limited .....	—	153,650	153,650
1 penny B ordinary shares – Paradigm Partners Limited .....	—	10,000	10,000
1 penny C ordinary shares – Paradigm Partners Limited .....	—	14,350	14,350
1 penny D ordinary shares – Paradigm Partners Limited .....	—	2,000	2,000
	<u>195,800</u>	<u>401,300</u>	<u>406,680</u>

	Year ended 31 March		
	2015 £	2016 £	2017 £
<b>Authorised, issued and fully paid</b>			
£1 A Ordinary shares – Tatton Capital Limited .....	50,000	50,000	50,000
10 pence B Ordinary shares – Tatton Capital Limited .....	8,850	9,400	9,938
10 pence C Ordinary shares – Tatton Capital Limited .....	480	480	480
10 pence D Ordinary shares – Tatton Capital Limited .....	250	250	250
£1 A Ordinary shares – Tatton Capital Group Limited .....	40,000	40,000	40,000
£1 B Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 C Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 D Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
£1 E Ordinary shares – Tatton Capital Group Limited .....	2,500	2,500	2,500
1 penny preference shares – Paradigm Partners Limited .....	—	200	200
1 penny A ordinary shares – Paradigm Partners Limited .....	—	1,537	1,537
1 penny B ordinary shares – Paradigm Partners Limited .....	—	100	100
1 penny C ordinary shares – Paradigm Partners Limited .....	—	144	144
1 penny D ordinary shares – Paradigm Partners Limited .....	—	20	20
	<u>109,580</u>	<u>112,131</u>	<u>112,669</u>

As explained in note 2, the share capitals are an aggregate of all share capitals of the limited companies in the Group with the exception of Tatton Investment Management Limited and Tatton Oak Limited which have been consolidated into Tatton Capital Limited.

Each share in Tatton Oak Limited carries 1 vote.

Each share in Tatton Investment Management Limited carries 1 vote.

Each A Ordinary shares in Tatton Capital Limited carries 1 vote and the right to a dividend.

B, C and D Ordinary shares in Tatton Capital Limited carry no voting rights and no rights to dividend.

A Ordinary shares in Tatton Capital Group Limited carry 90 per cent. of the voting rights and the right to 95 per cent. of the dividends so declared.

B Ordinary shares in Tatton Capital Group Limited carry 5 per cent. of the voting rights and the right to 5 per cent. of the dividends so declared.

C Ordinary shares in Tatton Capital Group Limited carry 5 per cent. of the voting rights and no rights to dividends.

D and E Ordinary shares in Tatton Capital Group Limited carry no voting rights and no rights to dividends.

A Ordinary shares in Paradigm Partners Limited are entitled to 85 per cent. of the voting rights.

B Ordinary shares in Paradigm Partners Limited are entitled to 5 per cent. of the voting rights.

C and D Ordinary shares in Paradigm Partners Limited carry no voting rights.

A, B, C and D Ordinary shares in Paradigm Partners Limited carry equal rights to dividends.

Preference shares in Paradigm Partners Limited are entitled to 10 per cent. of the voting rights but have no rights to dividends.

## 26. DIVIDENDS

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Dividends paid</b> .....	<b>1,999</b>	<b>2,779</b>	<b>3,374</b>



## 27. NON-CONTROLLING INTERESTS

Summarised financial information in respect of each of the Group's main segments that have non-controlling interests is set out below:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Paradigm Partners LLP/Limited</b>			
<b>Split of total equity</b>			
Attributable to the owner .....	1,670	2,212	841
Non-controlling interest.....	388	116	44
	<b>2,058</b>	<b>2,328</b>	<b>885</b>
<b>Split of profit and total comprehensive income for the year</b>			
Attributable to the owner .....	1,751	1,808	916
Non-controlling interest.....	406	95	48
	<b>2,157</b>	<b>1,903</b>	<b>964</b>
<b>Paradigm Mortgage Services LLP</b>			
<b>Split of total equity</b>			
Attributable to the owner .....	235	462	(481)
Non-controlling interest.....	179	232	(242)
	<b>414</b>	<b>694</b>	<b>(723)</b>
<b>Split of profit and total comprehensive income for the year</b>			
Attributable to the owner .....	235	462	(299)
Non-controlling interest.....	179	232	(151)
	<b>414</b>	<b>694</b>	<b>(450)</b>
<b>Tatton</b>			
<b>Split of total equity</b>			
Attributable to the owner .....	1,490	1,814	2,399
Non-controlling interest.....	784	669	884
	<b>2,274</b>	<b>2,483</b>	<b>3,283</b>
<b>Split of profit and total comprehensive income for the year</b>			
Attributable to the owner .....	257	153	584
Non-controlling interest.....	135	56	215
	<b>392</b>	<b>209</b>	<b>799</b>
<b>Group totals</b>			
<b>Split of total equity</b>			
Attributable to the owner .....	3,395	4,488	2,759
Non-controlling interest.....	1,351	1,017	686
	<b>4,746</b>	<b>5,505</b>	<b>3,445</b>
<b>Split of profit and total comprehensive income for the year</b>			
Attributable to the owner .....	2,243	2,423	1,201
Non-controlling interest.....	720	383	112
	<b>2,963</b>	<b>2,806</b>	<b>1,313</b>

## 28. NOTES TO THE COMBINED STATEMENT OF CASH FLOWS

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Cash flow from operating activities</b>			
Profit for the year before tax .....	3,044	2,940	2,062
Depreciation of property, plant and equipment .....	34	33	44
Finance costs .....	42	60	36
<b>Operating cash flow before movements in working capital</b>	<b>3,120</b>	<b>3,033</b>	<b>2,142</b>
(Increase)/decrease in receivables.....	(340)	(56)	3,786
(Decrease)/increase in payables .....	(362)	556	554
<b>Cash generated from continuing operations</b> .....	<b>2,418</b>	<b>3,533</b>	<b>6,482</b>
Interest paid .....	(42)	(60)	(36)
Corporation tax paid .....	(100)	(81)	(130)
<b>Net cash generated from operating activities</b> .....	<b>2,276</b>	<b>3,392</b>	<b>6,316</b>

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Analysis of changes in net debt</b>			
Net debt at 1 April .....	(1,897)	(1,733)	(1,311)
(Decrease)/increase in cash during the year.....	(301)	212	926
Movement in net debt arising from cash flow .....	465	210	(312)
	<b>(1,733)</b>	<b>(1,311)</b>	<b>(697)</b>

## 29. OPERATING LEASES

At the Statement of Financial Position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
Less than one year .....	99	72	61
In years 2-5 inclusive .....	200	144	88
	<b>299</b>	<b>216</b>	<b>149</b>

Operating lease payments represent rentals payable by the Group for certain of its office properties.

## 30. COMMITMENTS AND CONTINGENCIES

### Capital commitments

The Group does not have any capital commitments at the Statement of Financial Position date.

### Contingencies

Tatton Capital Group Limited has entered into EMI option agreements with certain employees that are exercisable upon exit, including IPO. At 31 March 2017, the exit was not considered to be probable by the Directors, and therefore provision for the future expense has not been made given the outflow of cash was not probable at that date.

### 31. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In the period from February 2017 to June 2017, the Group undertook a reorganisation in advance of the Admission of Tatton Asset Management plc, which saw:

- The incorporation of two new companies, Nadal Newco Limited and Tatton Asset Management plc.
- The undertaking of a series of share transactions (including share issues, share for share exchanges and share acquisitions), in order to reorganise the Group such that all shareholders held shares in the new Group holding company, Tatton Asset Management plc, rather than in an underlying subsidiary.
- Employee share options issued by certain Group companies exercised by the employees. Those employees then participated in the share for share exchanges in order to hold shares in Tatton Asset Management plc.

### 32. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group, which are related parties, have been eliminated on combination and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. During the year, Group companies entered into transactions with related parties who were not members of the Group.

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Related entity balances receivable/(payable)</b>			
Amounts owed from Jargon Free Benefits LLP .....	1,011	1,253	—
Amounts owed from/(to) Amber Financial Investments Limited.....	23	(271)	—
Amounts owed (to) Paradigm Investment Management LLP...	(1,260)	(1,394)	(1,456)
Amounts owed from Adviser Cloud Limited .....	—	16	66
Amounts owed from Paradigm Management Partners LLP .....	1,428	2,115	—
Amounts owed from Perspective Financial Group Limited.....	719	1,053	467
<b>Total</b> .....	<b>1,921</b>	<b>2,772</b>	<b>(923)</b>
<b>Transactions with related entities</b>			
Fees paid to Perspective Financial Group Limited.....	222	669	1,002
Fees and recharges earned from Perspective Financial Group Limited.....	267	266	298
Recharges reimbursed to Perspective Financial Group Limited.....	1	1	—
<b>Directors and partners balances receivable/(payable)</b>			
Amounts owed from Paul Hogarth .....	1,538	86	476
Amounts owed from Noel Stubley .....	11	3	3
Amounts owed from/(to) Robert Hunt .....	98	15	(125)
Amounts owed from/(to) Anthony Morrow .....	67	16	(9)
Amounts owed from Lothar Mentel .....	11	3	3
<b>Total</b> .....	<b>1,725</b>	<b>123</b>	<b>348</b>

Jargon Free Benefits LLP, Amber Financial Investments Limited, Paradigm Investment Management LLP, Perspective Financial Group Limited and Paradigm Management Partners LLP are all entities under the common control of Paul Hogarth.

Adviser Cloud Limited is a joint venture, which the Group holds a 50 per cent. interest in.

Paul Hogarth, Anthony Morrow, Noel Stubley, Robert Hunt and Lothar Mentel are all either directors or designated members of some or all of the entities during the period covered by the HFI.

Balances owed carry no fixed repayment terms, no security and no rate of interest.

### 33. TRANSITION TO IFRS

This is the Group's first Combined Historical Financial Information prepared in accordance with IFRS. The accounting policies set out in note 2 have been applied in preparing this Historical Financial Information and comparative information and in the preparation of an opening IFRS statement of financial position at 1 April 2014. The opening Statement of Financial Position at 1 April 2014 is not presented, due to the retrospective application of IFRS does not have any effect on that Statement of Financial Position. The table below shows the impact on the combined statement of comprehensive income and combined statement of financial position:

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Statement of financial position</b>			
<b>Total equity under UKGAAP (FRS102)</b> .....	<b>4,469</b>	<b>4,961</b>	<b>2,764</b>
Adjustment to goodwill for deferred consideration .....	96	238	238
Legal fees expensed .....	(58)	(58)	(58)
Amortisation charge reversed .....	239	364	501
<b>Total equity under IFRS</b> .....	<b>4,746</b>	<b>5,505</b>	<b>3,445</b>

	Year ended 31 March		
	2015 £000's	2016 £000's	2017 £000's
<b>Statement of comprehensive income</b>			
<b>Total comprehensive income for the year under UKGAAP (FRS102)</b> .....	<b>2,727</b>	<b>2,539</b>	<b>1,176</b>
Adjustment to goodwill for deferred consideration .....	96	142	—
Legal fees expensed .....	—	—	—
Amortisation charge reversed .....	140	125	137
<b>Total comprehensive income under IFRS</b> .....	<b>2,963</b>	<b>2,806</b>	<b>1,313</b>

The adjustments posted to the Group's Historical Financial Information relate to the following issues:

*a. Adjustment to goodwill for deferred consideration*

UKGAAP requires adjustments to goodwill if future deferred consideration changes such that more or less is paid for the goodwill than originally anticipated. IFRS3 requires that goodwill is fixed at the acquisition date with the best available knowledge with any future changes ran through the Combined Statement of Comprehensive Income within administrative expenses as an exceptional item.

*b. Expense of legal fees*

Legal costs incurred in the acquisition of group companies which had been capitalised under UKGAAP (both FRS10 and FRS102) have been expensed to conform to IFRS 3.

*c. Amortisation charge reversed*

As required under IAS 38 Intangible Assets, amortisation is not charged on goodwill and therefore this charge has been reversed.

### 34. CONTROLLING PARTY

The Directors consider the Group at the Statement of Financial Position date to be under the control of Paul Hogarth.

## PART IV

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The unaudited *pro forma* statement of net assets set out below, has been prepared to illustrate the effect of the Placing on the Group's net assets as if the Placing had taken place on 31 March 2017.

This unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited *pro forma* statement of net assets is compiled from the IFRS Combined Statement of Financial Position of the Group as at 31 March 2017 as set out in Part III (*Historical Financial Information*). It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not be expected to be achieved in the future.

The unaudited *pro forma* financial information has been prepared on the basis set out in the notes below, and the basis of preparation set out in Part III (*Historical Financial Information*), note 1, and has been prepared as if Annex II items 1 to 6 and paragraphs 87 to 94 of the ESMA Recommendations applied.

	As at 31 March 2017 £000's <sup>(i)</sup>	Net proceeds of the Placing receivable by the Company £000's <sup>(ii)</sup>	Settlement of amounts owed by former partners £000's <sup>(iii)</sup>	Settlement of amounts owed to former minority partners £000's <sup>(iii)</sup>	Unaudited <i>pro forma</i> total £000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill .....	2,910	—	—	—	2,910
Property, plant and equipment.....	76	—	—	—	76
Investments in subsidiaries.....	2,917	—	—	—	2,917
Interests in joint venture .....	(31)	—	—	—	(31)
<b>Total non-current assets.....</b>	<b>5,872</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,872</b>
<b>Current assets</b>					
Trade and other receivables.....	3,332	—	(857)	—	2,475
Cash and bank balances .....	687	8,100	—	(421)	8,366
<b>Total current assets .....</b>	<b>4,019</b>	<b>8,100</b>	<b>(857)</b>	<b>(421)</b>	<b>10,841</b>
<b>TOTAL ASSETS .....</b>	<b>9,891</b>	<b>8,100</b>	<b>(857)</b>	<b>(421)</b>	<b>16,713</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables.....	4,154	—	—	—	4,154
Borrowings .....	697	—	—	—	697
Current tax liabilities .....	1,586	—	—	—	1,586
<b>Total current liabilities .....</b>	<b>6,437</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,437</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities .....	9	—	—	—	9
<b>Total non-current liabilities .....</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9</b>
<b>TOTAL LIABILITIES .....</b>	<b>6,446</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,446</b>
<b>NET ASSETS .....</b>	<b>3,445</b>	<b>8,100</b>	<b>(857)</b>	<b>(421)</b>	<b>10,267</b>

**Notes**

- (i) The financial information as at 31 March 2017 has been extracted, without material adjustment, from the IFRS Combined Historical Financial Information on the Group as set out in Part III of this Document which has been prepared on the basis of preparation as set out in Part III (*Historical Financial Information*), note 1.
- (ii) This adjustment represents the net proceeds of the Placing receivable by the Group of £8.1 million, being gross proceeds of £10.0 million less estimated fees and expenses (exclusive of VAT).
- (iii) At 31 March 2017, Paul Hogarth owed £857,000 to Paradigm Partners Limited ("PPL") which will be settled prior to Admission. A dividend of £857,000 to Paul Hogarth will net against the £857,000 receivable by PPL and therefore the two transactions will be settled net, with nil impact on net cash held. In addition, amounts owed by PPL to former minority partners in Paradigm Partners LLP, amounting to £421,000 as at 31 March 2017 and held in reserves, will be settled in cash.
- (iv) The unaudited *pro forma* statement of net assets does not reflect any trading or other transactions undertaken by the Group since 31 March 2017 that may change the financial position.
- (v) The unaudited *pro forma* statement of net assets does not constitute financial statements within the meaning of section 434 of the Act.



## PART V

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1. The Company is domiciled in England and Wales and was incorporated on 23 February 2017 under the name of Nadal Listco Limited as a private limited liability company. The Company changed its name to Tatton Asset Management Limited on 31 May 2017. The liability of the members of the Company is limited. Effective on 19 June, the Company converted to a public limited company.
- 1.2. On 19 June 2017 the Company's share capital was subdivided from 1 ordinary share of £1 to 5 ordinary shares of £0.20 each.
- 1.3. On 19 June 2017, pursuant to a reorganisation of the Group, as a result of which the Company became the ultimate parent company of the Group, the Company acquired the entire share capital of Nadal Newco Limited.
- 1.4. The Company is, and its securities are, governed by the Act.
- 1.5. The Company's registered office is at Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire, United Kingdom, SK9 3ND and this is also its principal place of business. The telephone number of the registered office is +44(0)161 486 4890.
- 1.6. The principal activities of the Company are to carry on business as a general commercial company.
- 1.7. The Company has no administrative, management and supervisory bodies other than its Board, the remuneration committee and the audit committee, such committees having no members other than Directors and the Proposed Directors.

#### 2. Subsidiaries

The Company is the holding company of the Group. The Company holds 100 per cent. of the share capital of Nadal Newco Limited (a company registered in England and Wales with company number 10634277). The following table contains details of the Group's significant subsidiaries:

	Principal activity	Country of incorporation	Percentage ownership	Holding company
Paradigm IFA Company Limited	Activities auxiliary to financial intermediation	England	100	Tatton Capital Limited
Paradigm Mortgage Services LLP.....	Mortgage distribution	England	30	Nadal Newco Limited
Paradigm Mortgage Services LLP.....	Mortgage distribution	England	70	Paradigm Partners Limited
Paradigm Partners Limited .....	The provision of support services to independent financial advisors	England	100	Nadal Newco Limited
Tatton Capital Group	Holding company	England	100	Nadal Newco Limited
Tatton Capital Limited .....	Holding company	England	100	Nadal Newco Limited
Tatton Investment Management Limited	Fund management activities	England	100	Tatton Capital Limited
Tatton Oak Limited ...	Fund management activities	England	100	Tatton Capital Limited
Tatton Offshore Tax Strategies Limited .....	Fund management activities	England	100	Tatton Capital Group Limited

### 3. Share Capital

- 3.1. The issued share capital of the Company at the date of this Document and on Admission will be:

	Number of Ordinary Shares	Issued and Fully Paid Number of Ordinary Shares £
Existing .....	49,497,257	£0.20
At Admission.....	55,907,513	£0.20

- 3.2. The Company has no issued Ordinary Shares that are not fully paid up.
- 3.3. As at the date of this Document, there are 49,497,257 Ordinary Shares in issue fully paid. On 19 June 2017, the Company issued 49,497,252 Ordinary Shares pursuant to the share exchange agreement entered into with the shareholders of Nadal Newco Limited, further details of which are set out in paragraph 10.6.6 of this Part V.
- 3.4. The Ordinary Shares all rank *pari passu* with one another, having an equal right to participate in any dividend, distribution or return of capital and having equal voting rights.
- 3.5. The Placing Shares will be issued pursuant to the authorities set out in 3.6 of this Part V.
- 3.6. On 19 June 2017, the Company passed resolutions to:
- 3.6(a) authorise the Directors to allot securities:

- (i) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of up to £1,282,052 to be issued pursuant to the Placing;
- (ii) comprising equity securities up to an aggregate nominal amount of £223,631 to be issued upon the exercise of the Warrant Instrument;
- (iii) comprising equity securities up to an aggregate nominal amount of £1,118,151 for the purposes of granting Options up to the aggregate limit applying to the Plans as set out in paragraph 8.4.1 of this Part V and to allot Ordinary Shares pursuant to such Plans;
- (iv) comprising equity securities up to an aggregate nominal amount of £7,454,336 (such amount to be reduced by the nominal amount of any securities allotted pursuant the authority in paragraph 3.6(a)(v) below) in connection with an offer by way of a rights issue:
  - A to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
  - B to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (v) in any other case, up to an aggregate nominal amount of £3,727,168 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 3.6(a)(iv) above in excess of £3,727,168),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require securities to be allotted and the Directors may allot securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

3.6(b) empower the Directors to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:

- (i) the allotment of shares with an aggregate nominal value of up to £1,282,052 to be issued pursuant to the Placing;
- (ii) the allotment of shares with an aggregate nominal value of up to £223,631 to be issued pursuant to the Warrant Instrument;
- (iii) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under the resolution summarised in 3.6(a)(iv) above, by way of rights issue only):
  - A to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
  - B to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (iv) the allotment of equity securities or sale of treasury shares (other than under paragraphs 3.6(b)(i), (ii) or (iii) above) up to an aggregate nominal amount of £1,118,151,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired.

3.7. The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement system enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's registrars, Capita Asset Services, are responsible for keeping the Company's register of members.

3.8. Save as disclosed in this Document and as at the date of this Document:

- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
- (b) there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- (c) there are no Ordinary Shares in the Company not representing capital;
- (d) there are no Ordinary Shares in the Company held by the Company itself or by its subsidiaries;
- (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or undertakings to increase the share capital of the Company;
- (f) no person has any preferential subscription rights for any share capital of the Company;
- (g) no commissions, discounts, brokerages or other special items have been granted by the Company since its incorporation in connection with the issue or sale of any Ordinary Shares or loan capital of the Company; and
- (h) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

3.9. The Ordinary Shares have no redemption or conversion provisions.

- 3.10. No person has made a public takeover bid for the Company's issued share capital since the Company's incorporation on 23 February 2017.

#### 4. Substantial Shareholders

- 4.1. As at the date of this Document, save for the persons set out below, the Directors and Proposed Directors are not aware of any person who, directly or indirectly, has an interest in the Company's issued Ordinary Share capital which is notifiable under national law nor, so far as the Directors and Proposed Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise control over the Company:

Shareholder	As at the date of this Document		Immediately following Admission	
	No. of Ordinary Shares	Percentage shareholding	No. of Ordinary Shares	Percentage shareholding
Hermitage Holdings (Wilmslow) Limited	17,407,181	35.17	7,605,115	13.60
Judith Hogarth	7,092,819	14.33	—	—
Paul Hogarth*	2,879,517	5.82	2,879,517	5.15
Anthony Morrow	2,699,372	5.45	1,349,686	2.41
Anthony Murrell	1,981,126	4.00	990,563	1.77
Funds and accounts under management by direct and indirect investment management subsidiaries of BlackRock, Inc	—	—	4,487,179	8.03
Accounts managed on a discretionary basis by Lombard Odier Investment Managers group	—	—	4,166,666	7.45
Legal & General Investment Management Limited	—	—	3,205,128	5.73
Liontrust Investment Partners LLP	—	—	3,205,128	5.73
Miton Group plc	—	—	3,205,128	5.73
Kames Capital plc	—	—	2,500,000	4.47
Schroder Investment Management Limited	—	—	2,307,692	4.13

\* In addition, Paul Hogarth has an interest in a further 1,300,287 Existing Ordinary Shares pursuant to call options between Mr Hogarth and certain other Shareholders.

- 4.2. There are no arrangements of which the Directors or Proposed Directors are aware which may result in a change of control of the Company.
- 4.3. The Ordinary Shares held by the Shareholders set out in paragraph 4.1 above rank *pari passu* with all other Ordinary Shares and, in particular, have no different voting rights than other Shareholders. Following the Placing no major Shareholders will have different voting rights to other Shareholders.

## 5. Director's Interests

- 5.1. The beneficial interests of the Directors, the Proposed Directors and their connected persons (within the meaning of sections 252 and 253 of the Act) in the Ordinary Share capital of the Company immediately following Admission are expected to be as follows:

Name	At the date of this Document		Immediately following Admission	
	No. of Ordinary Shares	Percentage shareholding (per cent.)	No. of Ordinary Shares	Percentage shareholding (per cent.)
Paul Henry Hogarth	27,379,517*	55.32	10,484,632 <sup>†</sup>	18.75
Noel James Stubley	795,610	1.61	397,805	0.71
Lothar Mentel	795,610	1.61	397,805	0.71
Christopher Poil	—	—	128,205	0.23
Roger Cornick	—	—	32,051	0.06

\* Paul Hogarth's holding includes 7,092,819 Ordinary Shares held by Judith Hogarth and 17,407,181 Ordinary Shares held by Hermitage Holdings (Wilmslow) Limited, both of which are parties connected to Paul Hogarth. In addition to the holdings of Ordinary Shares set out in this table, Paul Hogarth has an interest in a further 1,300,287 Ordinary Shares pursuant to call options between Mr Hogarth and certain other Shareholders.

<sup>†</sup> Paul Hogarth's holding includes 7,605,115 Ordinary Shares held by Hermitage Holdings (Wilmslow) Limited, which is a party connected to Paul Hogarth. In addition to the holdings of Ordinary Shares set out in this table, Paul Hogarth has an interest in a further 1,300,287 Ordinary Shares pursuant to call options between Mr Hogarth and certain other Shareholders.

- 5.2. It is proposed that Paul Hogarth, Noel Stubley and Lothar Mentel be granted Options under the EMI Plan over 503,168 and 111,815 and 1,118,150 Ordinary Shares respectively following Admission. In addition each Director will be able to participate in the Sharesave Plan following Admission. Further details of the EMI Plan and the Sharesave Plan are set out in paragraph 8 of this Part V. Save as set out in this paragraph, no Director or Proposed Director is entitled to any options over Ordinary Shares.
- 5.3. None of the Directors or Proposed Directors (nor any member of their families) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 5.4. The voting rights of the Shareholders set out in paragraphs 3 and 4 above do not differ from the voting rights held by other Shareholders.

## 6. Directors' service agreements and letters of appointment

- 6.1. Set out below are details of the terms and conditions governing the engagement by the Company of the Directors and Proposed Directors:
- (a) Paul Henry Hogarth, Chief Executive Officer of the Company, entered into a new service agreement on 23 June 2017, effective from and conditional on Admission. Mr Hogarth's basic salary is £300,000 per year (subject to annual review) with effect from 23 June 2017. The effective date of his next salary review will be 1 January 2018. Mr Hogarth is entitled to benefits commensurate to his position including consideration for a discretionary performance related annual bonus scheme, private medical cover, life assurance and a £1,000 per month car allowance. The Company shall pay Mr Hogarth an annual sum of £30,000 in lieu of pension contribution, payable monthly. The service agreement is terminable by either party giving 12 months' notice.
- (b) Noel Stubley, Chief Financial Officer of the Company, entered into a new service agreement on 23 June 2017, effective from and conditional on Admission. Mr Stubley's basic salary is £160,000 per year (subject to annual review) with effect from 23 June 2017. The effective date of his next salary review will be 1 January 2018. Mr Stubley is entitled to benefits commensurate to his position including consideration for a discretionary performance related annual bonus scheme, private medical cover and life assurance. Pension is provided into a pension plan nominated by Mr Stubley. Mr Stubley's pension entitlement is an employer contribution of 5 per cent. of his base salary, plus a further 5 per cent. employer contribution. The service agreement is terminable by either party giving 12 months' notice.

- (c) Lothar Mentel, Chief Investment Officer of the Company, entered into a new service agreement on 23 June 2017, effective from and conditional on Admission. Mr Mentel's basic salary is £275,000 per year (subject to annual review) with effect from 23 June 2017. The effective date of his next salary review will be 1 January 2018. Mr Mentel is entitled to benefits commensurate to his position including consideration for a discretionary performance related annual bonus scheme, private medical cover and life assurance. Pension is provided into a pension plan nominated by Mr Mentel. Mr Mentel's pension entitlement is an employer contribution of 5 per cent. of his base salary, plus a further 5 per cent. employer contribution. The service agreement is terminable by either party giving 12 months' notice.
- (d) By a new letter of appointment between the Company and Roger Cornick dated 23 June 2017, effective from and conditional on Admission, Mr Cornick has agreed to act as non-executive Chairman of the Company for an annual fee of £90,000, inclusive of all committee roles. Mr Cornick's engagement by the Company is terminable on not less than three months' notice given by either party to the other at any time following an initial period of 12 months. The terms of engagement also contain provisions for early termination, *inter alia*, in the event of a breach of duties. The Chairman does not receive any pension provision.
- (e) By a new letter of appointment between the Company and Christopher Poil dated 23 June 2017, effective from and conditional on Admission, Mr Poil has agreed to act as non-executive director of the Company for an annual fee of £70,000, inclusive of all committee roles. Mr Poil's engagement by the Company is terminable on not less than three months' notice given by either party to the other at any time following an initial period of 12 months. The terms of engagement also contain provisions for early termination, *inter alia*, in the event of a breach of duties. Mr Poil does not receive any pension provision.
- 6.2. The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 31 March 2017 was £544,000. The aggregate estimated remuneration paid or payable to the Directors and Proposed Directors by any company in the Group for the current financial year ending 31 March 2018 under the arrangements in force is expected to amount to £1.012 million.
- 6.3. Save as disclosed in this Part V, there are no service contracts, existing or proposed, between any Director or Proposed Director and the Company and no service contract has been entered into or amended by the Company in the six months prior to the date of this Document.
- 6.4. There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors or Proposed Directors.
- 6.5. As at 22 June 2017, being the latest practicable date before the date of this Document, the Group had 69 employees.

## 7. Additional Information on the Board

- 7.1. The Directors or Proposed Directors hold or have held the following directorships in companies or have been partners in the following partnerships (other than the Group) incorporated or established in the United Kingdom and overseas (as the case may be) within the five years prior to the date of this Document:

Name	Current Directorships	Past Directorships
Paul Henry Hogarth	Adviser Cloud Limited Hermitage (No. 1) Limited Hermitage Holdings (Wilmslow) Limited Jargonfree Benefits LLP Paradigm Investment Management LLP Paradigm Management Partners LLP Paradigm Partners (Wilmslow) LLP	Citation Holdings Limited Citation Limited Caerus Capital Group Limited EPH Partners LLP Mosaic Environmental Consultants Limited NBS (UK) LLP Paradigm Partners Trustee No.1 Limited Paradigm Partners Trustee No.2 Limited



<b>Name</b>	<b>Current Directorships</b>	<b>Past Directorships</b>
	Perspective Financial Group Limited PH Property Holdings Limited Rascasse Investments (PFS) Limited UD Generation Limited UD Advisory (International) Limited UD View Limited UD Software Solutions Group Limited Withington Investments Limited	Rascasse Investments (PFS) LLP Walker Street Investments (General Partner) Limited
Noel Stubley	Adviser Cloud Limited Amber Financial Investments Limited Amber IFA Company Limited Paradigm IFA Company Limited	Paradigm Partners (Wilmslow) LLP Paradigm Partners Trustee No.2 Limited
Lothar Mentel	Cambridge Investments Limited	Keston Business Advisory Limited Paradigm Partners (Wilmslow) LLP
Roger Cornick	River & Rowing Museum (Trading) Limited River And Rowing Museum Foundation	Aberdeen Asset Management plc
Christopher Poil	None	Boujis Holdings Limited DMWSL 740 Limited Hellespont Holdings Limited Ignite Bars Holdings Limited Ignite Group Holdings Limited Ignite Group Ltd Survivor Group Holdings Limited TW Advisors Limited

- 7.2. On 24 May 2004, Christopher Poil was appointed as a director of Hartford Group plc and resigned on 30 August 2007. Hartford Group plc, which subsequently changed its name to The Food And Drink Group Plc on 30 March 2006, went into administration on 6 August 2008.
- 7.3. On 2 July 2006, Paul Hogarth was appointed as a director of Instant Data Services Limited. Instant Data Services Limited went into liquidation on 22 May 2011 following the presentation of a winding up petition on 27 October 2008 by a creditor of the company.
- 7.4. In 1993, Bankhall Investment Associates Limited, a company of which Paul Hogarth was a director at the time, was investigated by FIMBRA/SIB. Following completion of the investigation, Mr Hogarth was temporarily suspended, fined c.£2,500 and publicly censured. The suspension was subsequently lifted and Mr Hogarth was permitted to resume full activity. This has been disclosed to the FCA in all relevant applications and communications since that time to the extent required to be disclosed. Paul Hogarth is now an approved controller, being a person holding 10 per cent. or more of the shares in TAM, the ultimate parent undertaking of TIML, an FCA regulated company.
- 7.5. Save as disclosed in this Document, no Director or Proposed Director has:
- 7.5.1. any unspent convictions in relation to indictable offences;
- 7.5.2. had a bankruptcy order made against him or entered into an individual voluntary arrangement;

- 7.5.3. been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceases to be a director of that company;
- 7.5.4. been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;
- 7.5.5. been subject to the receivership of any asset of such Director or Proposed Director or of a partnership of which the Director or Proposed Director was a partner at the time of or within 12 months preceding such event; or
- 7.5.6. received public criticisms by statutory or regulatory authorities (including recognised professional bodies); or
- 7.5.7. been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 7.6. Save as disclosed in his document, no Director or Proposed Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

## **8. Share Plans**

### **8.1. *Proposed share incentive arrangements following Admission***

8.1.1. At the date of this Document, the Directors have adopted the following employee share plans effective on Admission:

- (a) the Tatton Asset Management plc Enterprise Management Incentive Plan (the "EMI Plan"); and
- (b) the Tatton Asset Management plc Sharesave Plan (the "Sharesave Plan")

8.1.2. In this Part V, the EMI Plan and the Sharesave Plan are together referred to as the "Plans" (and each a "Plan"). The Plans will be administered by the Board (or a duly authorised committee, which shall include the Remuneration Committee) and the principal features of the Plans are summarised below.

### **8.2. *The EMI Plan***

#### **8.2.1. *Overview***

The EMI Plan is a share option plan under which eligible employees may be granted options ("Options") over shares on a tax-advantaged basis, under the provisions of Schedule 5 of the Income Taxes (Earnings and Pensions) Act 2003 ("Schedule 5"). Non-qualifying options may also be granted under the EMI Plan.

The Board intends to grant Options under the EMI Plan to executive directors and other senior executives shortly after Admission.

#### **8.2.2. *Eligibility***

All employees of the Company and its wider group (including executive directors) who devote a minimum of 25 hours a week to their duties (or at least 75 per cent. of their total working time if they work part time) and who are not precluded from participating in the EMI Plan due to the material interest exclusion under Part 4 of Schedule 5, are eligible to participate in the EMI Plan. be granted an EMI option. The EMI Plan also permits the grant of unapproved options to employees who do not meet the relevant qualifying conditions in Part 4 of Schedule 5.

#### **8.2.3. *Grant Period***

Options may only be granted under the EMI Plan during the six week period following adoption of the EMI Plan, the announcement of the Company's results for any period or on any day on which the Board determines that exceptional circumstances exist that justify the grant of Options under the EMI Plan. However, if restrictions apply on dealing in shares during these periods, Options may be granted in the period of six weeks following the relevant restriction being lifted.

#### *8.2.4. Grant of Options*

The Board may, at its discretion, grant an Option to any eligible employee until the tenth anniversary of the date of adoption of the EMI Plan.

No Option may be granted during a close period of the Company or if such grant would contravene any other dealing restrictions imposed by the Company's share dealing code, the AIM Rules or otherwise.

#### *8.2.5. Exercise Price*

The exercise price will be determined at the time of grant of an Option, but may not be less than the market value of a share on the dealing day immediately prior to grant, other than in exceptional circumstances.

#### *8.2.6. Individual limits on participation in the EMI Plan*

Options cannot be granted to a participant which would result in the participant having qualifying EMI options over shares with a market value (measured in each case at the relevant date of grant) of more than £250,000 (or such other limit as provided for in Schedule 5 from time to time), excluding EMI options that have already been exercised or have lapsed.

Where a participant has previously been granted EMI options over shares with a market value of £250,000 (or such other limit as provided for in Schedule 5 from time to time) or more (including any EMI options that have lapsed or been released or exercised), no further EMI options may be granted to that participant for a three year period.

#### *8.2.7. Company limit on EMI options that can be granted under the EMI Plan*

Options cannot be granted to a participant which would result in the Company having qualifying EMI options over shares with a market value (measured in each case at the relevant date of grant) of more than £3,000,000 (or such other limit as provided for in Schedule 5 from time to time), excluding EMI options that have already been exercised or have lapsed.

#### *8.2.8. Performance conditions*

Options may be granted on the basis that their exercise is subject to the satisfaction of one or more performance conditions over a performance period which will determine the proportion (if any) of the Option to vest.

It is proposed that the first Options will be subject to performance conditions based on growth in earnings per share and total shareholder return over the three year period. The Board will review the performance conditions and targets before any grants are made to ensure that they reflect the business's strategic priorities at the relevant time.

Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that a substituted or amended performance condition would be more appropriate and would not be materially more or (unless the variation of the performance condition has been approved in advance by the Company in general meeting) less difficult to satisfy than when first imposed.

#### *8.2.9. Malus and Clawback*

The Board may, in its absolute discretion, determine at any time prior to the vesting of an Option to determine that an Option should be adjusted on such basis that the Board considers to be fair, reasonable and proportionate (which may include reducing the number of Shares in respect of the Option), where in the opinion of the Board one or more defined circumstances has arisen or exists.

The Board may, in its absolute discretion, determine at any time in the three years following exercise of an Option that, the participant should transfer for nil consideration all or some of the shares acquired on exercise of an Option (or make a cash payment to the Company in respect of such shares) on such basis that the Board considers to be fair, reasonable and proportionate where in the opinion of the Board one or more defined circumstances has arisen or exists.

The Board may, in its absolute discretion, determine at any time in respect of an Option that has vested but not been exercised, to reduce the number of shares that may be acquired on exercise of the unvested Option or require the participant to make a cash payment in respect of an option on such basis that the Board considers to be fair, reasonable and proportionate), where in the opinion of the Board one or more defined circumstances has arisen or exists.

Such circumstances include:

- (a) the results announced subsequently appear to be materially inaccurate or misleading and/or a business unit or profit centre in which the participant worked has subsequently made a loss out of business written in that year or from circumstances that could reasonably have been risk-managed in that year; and/or
- (b) the conduct, capability or performance of a Participant, or the performance of any team, business area or profit centre which would make such a requirement for an adjustment appropriate.

#### *8.2.10. Vesting of EMI Plan options*

Options subject to a performance condition will normally vest on the later of the third anniversary of the date of grant and as soon as possible after the end of the performance period to the extent that the performance condition has been satisfied. Where Options are granted without a performance condition, they will normally vest on the third anniversary of the date of grant (or such other date as the Board shall determine). Once vested an Option will then be exercisable until the tenth anniversary of the date of grant.

#### *8.2.11. Cessation of employment*

If a participant dies or ceases to be employed by the Group by reason of ill-health, injury, disability, redundancy, the sale out of the Group of the entity that employs him, retirement or any other reason at the discretion of the Board

- (a) any unvested Option will vest to the extent determined by the Board, in its absolute discretion, taking into account (unless the Board determines otherwise) the extent to which any performance condition has been satisfied at the date of death or cessation of employment and the period of time that had elapsed from the date of grant to the date of death or cessation of employment;
- (b) any Option that has already vested and any Option which vests as referred to in paragraph (a) above,
  - i. in the event of death, may be exercised in the period of twelve months from the participant's death; and
  - ii. in the event of cessation of employment, may be exercised in the period of 90 days from the cessation of employment.

#### *8.2.12. Change of control and other relevant events*

In the event of a change of control,

- (a) unvested Options will vest to the extent determined by the Board, in its absolute discretion, taking into account (unless the Board determines otherwise) the extent to which any performance condition has been satisfied at the date of death or cessation of employment and the period of time that had elapsed from the date of grant to the date of death or cessation of employment;
- (b) any Option that has already vested and any Option which vests as referred to in paragraph (a) above may be exercised in the period of 90 days from the change of control.

Alternatively, the Board may permit, or in the case of an internal reorganisation, require Options to be exchanged for equivalent awards which relate to shares in a different company.

If the Board considers that a change of control is likely to occur, the Board may, in its absolute discretion resolve to allow unvested Options to vest (to the extent determined by the Board, in its absolute discretion, taking into account (unless the Board determines otherwise) the extent to which any performance condition has been

satisfied at the date of death or cessation of employment and the period of time that had elapsed from the date of grant to the date of the event) and to be exercised prior to such event.

On the passing of a resolution for the winding up of the Company, the Board will determine whether and to what extent unvested options shall vest, taking into account (unless the Board determines otherwise) the extent to which any performance condition has been satisfied at the date of the relevant event and the period of time that had elapsed from the date of grant to the date of the event. The Board will also determine the period of time during which a vested option may be exercised, following which the Option will lapse.

If other corporate events occur, such as a demerger, delisting, special dividend, a compromise or arrangement within section 899 of the Act or other event which, in the opinion of the Board, may affect the current or future value of shares, the Board may determine that options will vest, conditional upon the event taking place. Unvested options will vest to the extent determined by the Board, in its absolute discretion, taking into account (unless the Board determines otherwise) the extent to which any performance condition has been satisfied at the date of death or cessation of employment and the period of time that had elapsed from the date of grant to the date of such event.

### 8.3. *The Sharesave Plan*

#### 8.3.1. *Overview*

The Sharesave Plan is an “all-employee” share option plan which will give 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 from time to time (the “Savings Limit”), namely under the provisions of Schedule 3 of the Income Taxes (Earnings and Pensions) Act 2003 (“Schedule 3”).

#### 8.3.2. *Eligibility*

Any employee (including an executive director) of the Company and any of its subsidiaries which participates in the Sharesave Plan who is selected by the Board may apply for an option on any occasion on which invitations to apply for options are issued.

The Board is required to invite all employees who have been in employment for a minimum period determined by the Board.

#### 8.3.3. *Savings Contracts and Sharesave Options*

All employees who apply for an option under the Sharesave Plan (“Sharesave Options”) will be required to enter into a contract with a savings institution to make regular savings in accordance with a savings contract (a “Savings Contract”). On each occasion employees are invited to participate, the Board will determine whether they will be invited to enter into a three year and/or five year Savings Contract.

The number of shares subject to each Sharesave Option will be such number as can be acquired at the exercise price using the proceeds of the relevant Savings Contract.

#### 8.3.4. *Exercise price*

The proceeds of the Savings Contract can be used to exercise a Sharesave Option to acquire Shares at an exercise price set at the date of invitation. The exercise price may not be less than 80 per cent. (or such other percentage as may be permitted by Schedule 3) of the market value of a share at the date of invitation.

When calculating the market value of a Share for setting the exercise price, only share prices within the six week period following Admission, the announcement of the Company’s results for any period, any day on which changes are announced, effected or made to the legislation or regulations affecting sharesave option schemes or on any day on which the Board determines that exceptional circumstances exist may be

used. However, if restrictions apply on dealing in shares during these periods, share prices in the period of six weeks following the relevant restriction being lifted may be used.

It is intended that invitations will first be issued as soon as possible following Admission.

#### *8.3.5. Exercise of Sharesave Options*

Ordinarily, a Sharesave Option may be exercised within six months of the date the Savings Contract matures.

#### *8.3.6. Cessation of employment*

If an employee dies whilst holding a Sharesave Option, the participant's personal representatives will normally have up to a year from the date of the participant's death to exercise the Sharesave Option.

Sharesave Options may also be exercised early for a period of up to six months from the date the employee ceases employment because of his injury, disability, redundancy or retirement or the sale of the entity that employs the participant out of the Group.

If a participant ceases employment with the Group in any other circumstances, any Sharesave Option held by the participant will lapse on the date on which the participant ceases employment.

#### *8.3.7. Corporate events*

Sharesave Options may be exercised early in the event of a change of control or winding-up of the Company. Alternatively, Sharesave Options may be exchanged (with the agreement of the acquiring company) for equivalent options over shares in the acquiring company. Sharesave Options will be exchanged (or will lapse) in the event of an internal reorganisation of the Group.

### *8.4. Common terms of the Plans*

#### *8.4.1. Overall Plan limits*

In any ten year period (or, if shorter, the period since the shares were first admitted to AIM and the date on which options are to be granted), the number of shares which have been issued or remain capable of issue under the Plans and under any other employees' share plan adopted by the Company may not exceed ten per cent. of the issued share capital of the Company from time to time.

Shares held in treasury will be treated as newly issued for the purpose of this limit until such time as institutional investor representative bodies determine otherwise.

Shares which have been issued or may be issued (or have been transferred or may be transferred out of treasury) to any trustee count towards these limits.

These limits may be adjusted in the event of a variation of the Company's share capital or similar events (see "*Adjustments*").

#### *8.4.2. Terms of awards*

Options granted under the Plans are not transferable other than to the participant's personal representatives in the event of death.

No payment will be required for the grant of an EMI Plan option or a Sharesave Option.

Options will not form part of pensionable earnings.

#### *8.4.3. Termination*

Each Plan will terminate on the tenth anniversary of its adoption, but the rights of existing participants will not be affected by any termination.

#### *8.4.4. Satisfying options*

Options may be satisfied using newly issued shares, shares held in treasury or shares purchased in the market.



#### *8.4.5. Amendments*

The Board may amend either of the Plans or the terms of any option at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the shares subject to an option and any adjustment made in respect of a variation of capital. Any amendment to the Plans or an option (so far it relates to an option which has been granted under a "tax-approved" regime) would be in accordance with the relevant tax legislation.

However, any minor amendment to the Plans to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval.

No amendment may be made to the material disadvantage of participants in a Plan unless consent is sought from the affected participants and, in the case of the Sharesave Plan, given by a majority of participants and in the case of the EMI Plan, given by a majority of participants by reference to the number of shares under option.

#### *8.4.6. Adjustments*

In the event of any variation of the Company's share capital, or in the case of any options granted under the EMI Plan, any demerger, delisting, special dividend, rights issue or other event, which may, in the Board's opinion, affect the current or future value of shares, the Board may make such adjustments as it considers appropriate to the number of shares subject to an option, the exercise price applicable to an option or the limits on the maximum number of shares that may be used in connection with the Plan.

An adjustment must be made in under the EMI Plan if the variation would otherwise amount to a disqualifying event in respect of any EMI Option.

Any adjustment to a Shareave Option may only be made in accordance with the requirements of Schedule 3.

### **9. Articles of Association**

The Articles of Association, which were adopted on 19 June 2017, contain provisions which are summarised below.

#### *9.1. Objects*

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

#### *9.2. Voting rights*

- (a) At general meetings of the Company, on a show of hands, every member present in person has one vote, each authorised person appointed by a corporate member has one vote and every proxy present has one vote, unless he has been appointed by more than one member and has been instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, in which case he has one vote for and one vote against the resolution.
- (b) In the case of a poll at a general meeting of the Company every member has one vote for every share held by him and his voting rights may be exercised by one or more proxies.
- (c) These voting rights are subject to any special rights or restrictions as to entitlement to vote on a particular resolution or at particular meetings imposed by or pursuant to the Articles or attached to any shares. These include, for example, that a person becoming entitled to a share by reason of a transmission event (such as death or bankruptcy) shall not be entitled to vote with respect to those shares before being registered as holder of such shares.



9.3. *Allotment of shares*

Subject to the Act and any resolution of the members, the board may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any new shares to such persons, at such times and generally on such terms as the board may decide.

9.4. *Share rights*

The share capital of the Company consists of a single class of ordinary shares of £0.20 each. The Ordinary Shares carry full voting rights and rights to dividend and to participate in any return of capital by the Company. They do not confer any rights of redemption.

9.5. *Variation of class rights*

- (a) Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by those rights or (in the absence of any such provision) either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of the shares of that class.
- (b) The provisions of the Articles relating to general meetings of the Company apply to every separate general meeting of the holders of any class of shares except that:
  - (i) the necessary quorum (other than at an adjourned meeting) is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
  - (ii) if any such separate general meeting is adjourned, the quorum at the adjourned meeting shall be those holders who are present in person or by proxy;
  - (iii) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
  - (iv) any holder of shares of the class in question who is present in person or by proxy and entitled to vote may demand a poll.

9.6. *Power to attach rights and issue redeemable shares*

Subject to the Act and to any rights attached to any existing share or class of shares, shares may be issued with, or have attached to them, such rights as the Company may by ordinary resolution determine, including shares which are redeemable at the option of the Company or the holder.

9.7. *Alteration of capital and pre-emption rights*

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than is required by law, or prescribe any rights of pre-emption in relation to offers for subscription of shares in addition to or in substitution for those in the Companies Act.

9.8. *Share certificates*

Every member who opts to hold shares in certificated form shall be entitled, without payment, to receive once certificate for each class of shares held by him. If a member transfers a proportion of the shares represented by a certificate, or elects to hold a proportion in uncertificated form, he shall be entitled, without payment, to receive a new certificate in respect of the balance.

9.9. *Uncertificated shares*

The board may permit shares of any class to be held in uncertificated form, pursuant to and subject to the CREST Regulations.

9.10. *Calls and liens*

- (a) The Company shall have a first and paramount lien on every share which is not fully paid, for all amounts paid (whether or not due) in respect of that share. The Company may sell any share subject to a lien in such manner as the board may decide if an amount in respect of which the lien exists is due and not paid within 14 days of demand.

- (b) The board may make calls on members in respect of any amount unpaid on their shares.

#### 9.11. *Transfers of shares*

- (a) Shares may be held in uncertificated form and uncertificated shares may be transferred in accordance with the rules, procedures and practices of the relevant system and the CREST Regulations. The directors may refuse to register a transfer of any such share where permitted by the CREST Regulations.
- (b) Transfers of shares in certificated form may be effected by an instrument of transfer in any usual form or in any other form approved by the directors. The instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- (c) The directors may refuse to register the transfer of a share held in certificated form unless the instrument of transfer is:
  - (i) in respect of a share which is fully paid up;
  - (ii) in respect of a share over which the Company has no lien;
  - (iii) in respect of only one class of shares;
  - (iv) in favour of a single transferee or not more than four joint transferees;
  - (v) duly stamped (if required); and
  - (vi) accompanied by the certificate(s) for the shares to which it relates and such other evidence as the directors may reasonably require to prove the title of the transferor to make the transfer.
- (d) A transferor shall remain the holder of the share concerned (whether a certificated share or an uncertificated share) until the name of the transferee is entered in the register of members as the holder of that share.

#### 9.12. *Disclosure of interests in shares*

- (a) If a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Companies Act and is in default in supplying to the Company the information required in respect of the shares to which the notice relates (“**default shares**”) within 14 days after the service of such notice, (the “**direction notice**”) the restrictions set out below shall apply.
- (b) The default shares shall not confer on the member concerned any entitlement to attend or vote, either personally or by proxy, at a general meeting or class meeting of the Company.
- (c) Where default shares represent at least 0.25 per cent. of the class of shares concerned, the holder of the default shares shall not be entitled in respect of the default shares:
  - (i) to receive any dividend or other distribution; and/or
  - (ii) to transfer or agree to transfer the default shares unless the transfer is an exempt transfer.

For this purpose, an “**exempt transfer**” is a transfer by the acceptance of a takeover offer or a transfer on sale of the whole beneficial interest to a *bona fide* unconnected third party (including through a sale through a recognised investment exchange as defined in the FSMA).

- (d) The terms of a direction notice shall cease to have effect seven days following due compliance, to the satisfaction of the directors, with the notice under section 793 of the Companies Act or, if waived in whole or part by the directors, or if the transfer of any default shares is by way of an approved transfer, but only in respect of the default shares which are transferred.

#### 9.13. *Dividends*

- (a) The Ordinary Shares confer no fixed dividend entitlement. The Company may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors. The directors may from time to time pay such interim dividends as appear justified by the financial position of the Company.

- (b) The directors may deduct from any dividend or other moneys payable to any person or in respect of a share all such sums as may be due from him to the Company in relation to the shares of the Company.
- (c) All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of twelve years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

#### 9.14. *General meetings*

- (a) Annual general meetings of the Company shall be convened in accordance with the Companies Act. The directors may convene other general meetings whenever they think fit, and are required to do so if requisitioned by members in accordance with the Companies Act. If at any time there are not within the United Kingdom sufficient directors to call a general meeting, any director or any two members may convene a general meeting.
- (b) An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 days' notice. Subject to the Companies Act, a general meeting may be called on shorter notice, if it is so agreed:
  - (i) in the case of an annual general meeting, by all members entitled to attend and vote at that meeting; and
  - (ii) in the case of any other meeting, by a majority of the members having a right to attend and vote at the meeting, being a majority holding together not less than 95 per cent. in nominal value of the shares conferring such right.
- (c) Notice of a general meeting may be given in hard copy form, in electronic form or by means of a website.
- (d) Except as otherwise provided in the Articles, two persons entitled to vote upon the business to be transacted (each being a member or a proxy of a member or a duly authorised representative of a corporation) shall be a quorum at any general meeting of the Company.
- (e) At a general meeting, a resolution put to the vote shall be decided on a show of hands unless a poll is duly demanded before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll.
- (f) The Company shall determine the time, being no more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to be entitled to attend or vote at a general meeting.

#### 9.15. *Proxies*

- (a) The appointment of a proxy shall be made in writing and shall be in any usual common form, or such other form as may be approved by the board.
- (b) A proxy need not be a member, and a member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member.

#### 9.16. *Suspension of rights*

Unless the board otherwise decides, a member shall not be entitled to attend or vote, either in person or by proxy, at any general meeting of the Company or to exercise any other right as a member in respect of any share held by him unless and until all calls and other sums presently payable by him in respect of that share have been paid.

#### 9.17. *Directors and their remuneration*

- (a) Unless otherwise determined by the Company by ordinary resolution, the number of directors shall not be fewer than two and shall not be subject to any maximum.
- (b) A director is not required to hold any shares in the Company. A director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at all general meetings and class meetings of the Company.

- (c) Remuneration paid to the directors (other than executive directors) for their services as officers of the Company shall be such aggregate amount as the directors shall decide, provided that such fees do not exceed the sum of £300,000 per annum or such higher sum as the Company may by ordinary resolution determine. Any such remuneration shall be distinct from any salary, remuneration or other amounts which may be paid to a director pursuant to any other provision of the Articles.
- (d) Any director who performs services which, in the opinion of the directors, go beyond the ordinary duties of a director and not in his capacity as a holder of employment or executive officer may be paid such reasonable special remuneration as the directors or the remuneration committee may determine.
- (e) The Company may also pay or repay to any director all travelling, hotel and other expenses reasonably and properly incurred in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or separate meetings of the holders of any class of shares or debentures in the Company.
- (f) The directors may establish and/or contribute to any pension, retirement or superannuation scheme or fund and may pay or agree to pay pension, retirement, superannuation benefits, annuities and other emoluments to (or to any person in respect of) any person who is or was at the time a director or officer or employee of the Company or any associated company, for his benefit or for the benefit of any member of his family. The directors may also establish and/or contribute to any death and/or disability scheme for the benefit of any person who is or was at the time a director or officer or employee of the Company or any associated company or for the benefit of any member of his family.

#### 9.18. *Retirement and removal of directors*

- (a) The Company may by ordinary resolution appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director, but so that the total number of directors does not exceed any maximum fixed by or in accordance with the Articles.
- (b) The board may appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director, but so that the total number of directors does not exceed any maximum fixed by or in accordance with the Articles.
- (c) Any director appointed by the board shall retire at the next annual general meeting after his appointment and shall be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- (d) A non-executive director who has held office for nine years or more since his first appointment by general meeting shall retire at each annual general meeting of the Company and shall be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- (e) The arrangements for retirement of directors by rotation are as follows:
  - (i) at any annual general meeting, any director who has not been appointed or re-appointed at either of the two previous annual general meetings of the Company shall retire;
  - (ii) if the number of directors required to retire in accordance with the above paragraph is less than one third of the total number of directors (rounded down to the nearest whole number), one or more additional directors shall be required to retire (being the longest to have held office since their appointment or last re-appointment) such that one third of the directors (rounded down to the nearest whole number) retire at each annual general meeting.
- (f) A director who retires at an annual general meeting may (if willing to act) be re-appointed.

- (g) The Company may, by ordinary resolution of which special notice has been given in accordance with the Act, remove any director from office before his period of office has expired (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company).
- (h) A director shall cease to be a director on the happening of any of the following events:
  - (i) he is disqualified from acting as a director or becomes prohibited by law from acting as a director, or shall cease to be a director by virtue of any provision of the Act or the Articles;
  - (ii) he gives notice of his wish to resign;
  - (iii) he becomes bankrupt or he makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that act;
  - (iv) by reason of his mental health, an order is made by a court which wholly or partly prevents him from personally exercising any power or right which he would otherwise have;
  - (v) a registered medical professional gives a written opinion to the Company stating that he is physically or mentally incapable of acting as a director and will remain so for more than three months;
  - (vi) he or his alternate (if any) are absent from meetings of the directors for the greater of six consecutive months without the consent of the directors and the directors resolve that his office should be vacated;
  - (vii) he is requested to resign as a director by notice in writing signed by all of his co-directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company);
  - (viii) he is convicted of an indictable offence or his conduct is subject to an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Office and the other directors resolve that it is undesirable in the interests of the Company for him to remain a director; or
  - (ix) notice is given to terminate his employment or engagement with the Company where he is in breach of contract.

#### 9.19. *Proceedings of directors*

- (a) The quorum necessary for the transaction of the business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two.
- (b) Questions arising at any meeting of the directors shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- (c) A resolution in writing signed by such number of the directors as are for the time being entitled to vote on that resolution shall be as effective as a resolution duly passed at a meeting of the directors.

#### 9.20. *Alternate directors*

- (a) Any director (other than an alternate director) has the power to appoint as his alternate, to exercise his powers and carry out his responsibilities during his absence (whether for a limited or an unlimited term), either another director or any other person approved for that purpose by a resolution of the directors. The appointment of an alternate director automatically determines: if his appointor terminates the appointment; or on the happening of any event which, if he were a director, would cause him to vacate the office of director; or if his appointor ceases for any reason to be a director otherwise than by retiring and being re-appointed at the same general meeting.

- (b) An alternate director is entitled to receive notice of meetings of the directors and committees of which his appointor is a member and to attend and, in place of his appointor, to vote and be counted for the purpose of a quorum at any such meeting at which his appointor is not personally present and generally to perform all functions as a director of his appointor in his absence.

9.21. *General powers of the board*

Subject to the Act and the Articles and any directions given by special resolution of the Company, the business of the Company shall be managed by the board, which may exercise all of the powers of the Company.

9.22. *Borrowing powers*

The directors may exercise all the powers of the Company to borrow or raise money and mortgage or charge all or any part of its undertaking, property and assets (present and future), and uncalled capital, and subject to the Act, to create and issue debentures, other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Notwithstanding this, the directors are required to restrict the borrowings of the Company and its subsidiary undertakings to a borrowing limited to the greater of £40 million and two times the aggregate of the Company's paid up share capital and reserves (adjusted as may be necessary in respect of any variation in the paid up share capital or reserves of the Company since the date of its latest audited balance sheet) in respect of all other borrowings.

9.23. *Interests and conflicts of directors*

- (a) The directors are empowered pursuant to section 175 of the Act to authorise any matter which would or might otherwise constitute a breach of the duty of a director to avoid a situation in which he has an interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation shall be subject to such conditions or limitations as the directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the directors at any time. Neither the director in question nor any other interested director shall be counted in the quorum at the meeting at which the matter is considered or vote on any resolution concerning any such authorisation. Under section 175(3) of the Companies Act, no such authorisation is required in relation to a conflict of interest arising in relation to a transaction or arrangement with the Company.
- (b) A director, notwithstanding his office, may be or become a director or other officer of, or hold any place of profit in, or act in a professional capacity for, or otherwise be interested in, any company in which the Company may be interested.
- (c) Where a director has an interest that conflicts, or possibly may conflict, with the interests of the Company or his duties to the Company and the matter constituting such conflict has been authorised by the directors or by the Company or is otherwise permitted by the Articles, subject to the terms on which any authorisation has been given:
  - (i) the director in question need not disclose to or use for the benefit of the Company any information relating to the relevant matter which he obtains or has obtained otherwise than as a director or employee of the Company and in respect of which he owes a duty of confidentiality to a person other than the Company;
  - (ii) the director in question shall not, unless otherwise agreed, be liable to account to the Company for any profit, remuneration or other benefit realised by him as a consequence and no contract, transaction or arrangement relating to the relevant matter shall be liable to be avoided on the grounds of his conflict of interests or duties;
  - (iii) the director in question need not attend meetings of the board relating to the relevant matter.
- (d) Save as provided in the Articles, a director shall not vote (or, if he does, his vote shall not be counted) on any resolution at a meeting of the directors (and he shall not count in the quorum in respect of such resolution) in respect of any contract, arrangement, or transaction in which he has an interest which, together with any



interest of a person connected with him (within the meaning of sections 252 and 253 of the Act), is, to his knowledge, a material interest. This prohibition does not apply in respect of any of the following matters:

- (i) any contract, arrangement, transaction or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (ii) the giving of any guarantee, security or indemnity in respect of:
  - (A) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
  - (B) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (iii) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
- (iv) any contract, arrangement, transaction or proposal concerning any other company in which he, and any persons connected with him (within the meaning of sections 252 and 253 of the Act), do not to his knowledge hold an interest in shares (within the meaning of sections 820 to 825 of the Act) representing one per cent. or more of any class of the equity share capital of that company or of the voting rights available to members of that company;
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and/or
- (vi) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

#### 9.24. *Winding up*

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company (and subject to any authority required under the Act):

- (a) divide the assets of the Company between the members (in whole or in part), and determine how that division should be carried out as between the members of different classes of members; or
- (b) vest the whole or any part of the assets in trustees upon trust for the benefit of the members, as he shall think fit.

#### 9.25. *Indemnity and insurance*

- (a) Subject to the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director or other officer (excluding an auditor) of the Company shall be indemnified out of the assets of the Company against any liabilities incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company including where the Company is trustee of an occupational pension fund (provided that no indemnity shall be provided to the extent that it would be void under the Companies Act).
- (b) Subject to the Act, the directors may purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time:
  - (i) a director or other officer or employee of the Company (other than auditor) or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company (or any such holding company or subsidiary undertaking) is or was in any way associated or allied; or



- (ii) a trustee of any pension fund in which employees of the Company or any other body referred to in the above paragraph is or has been interested; including, without limitation, insurance against any liability incurred by such person in respect of any act or omission in the actual or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.
- 9.26. The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 1166 of the Act) will apply to the extent not disapplied by a special resolution of the Company.
- 9.27. There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.
- 9.28. There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed.
- 9.29. Save as set out above, there are no provisions in the Articles or otherwise which give any person enhanced rights in the Company's profits.
- 9.30. There are no conversion rights attached to any of the shares in the Company pursuant to the Articles or otherwise.
- 9.31. *Mandatory Bids and compulsory acquisition rules relating to the Ordinary Shares*  
 Other than as provided by the Takeover Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.
  - (a) **Mandatory bids**  
 The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.  
  
 "Interests in shares" is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.  
  
 "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.  
  
 Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the Takeover Code to be acting in concert with each other unless the contrary is established.
  - (b) **Squeeze-out rules**  
 Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares

in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

(c) Sell-out rules

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 10. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or any of its subsidiaries in the two years immediately preceding the date of this Document and are, or may be, material:

- 10.1. The nominated adviser and broker agreement between Zeus Capital and the Company dated 23 June 2017 in respect of Zeus Capital acting as nominated adviser and broker for the purposes of AIM for an initial minimum period of 12 months (terminable on 3 months' notice thereafter by either party). The Company has agreed to pay to Zeus Capital an annual retainer of £75,000 (plus VAT) for acting as nominated adviser and broker.
- 10.2. A placing agreement dated 23 June 2017 between the Company, the Directors, the Proposed Directors and the Selling Shareholders and Zeus Capital whereby Zeus Capital was appointed as the agent of the Company for the purpose of managing the Placing and has agreed to use reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company, the Directors, the Proposed Directors and the Selling Shareholders have given certain warranties and the Company has given an indemnity to Zeus Capital regarding, *inter alia*, the accuracy of the information in this Document. The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 8.00 a.m. on 6 July 2017, or such later date as the Company and Zeus Capital may agree being no later than 8.00 a.m. 20 July 2017 and the Company, the Directors, the Proposed Directors and the Selling Shareholders complying with certain obligations under the Placing Agreement. Under the Placing Agreement, the Company has agreed to pay to Zeus Capital a corporate finance fee of £250,000 (plus VAT) and a commission of 4 per cent. on the aggregate value of the New Ordinary Shares placed with subscribers on its behalf at the Placing Price, together with all costs and expenses and VAT thereon, where appropriate. The Selling Shareholders have agreed to pay to Zeus Capital a commission of 4 per cent. on the aggregate value of the Existing Ordinary Shares sold by them at the Placing Price, together with VAT thereon, where appropriate. Zeus Capital is entitled in certain limited circumstances to terminate the Placing Agreement prior to Admission.

The table, set out in the Appendix on page 109 to 121, contains details of the Selling Shareholders and the Placing Shares (being Existing Ordinary Shares) to be sold by them pursuant to the Placing.

Each of the Selling Shareholders has entered into Lock-in Agreements with the Company. Further details of the Lock-in Agreements can be found in paragraph 10.5 below.

- 10.3. The Company proposes to grant a warrant to Zeus Capital to subscribe for Ordinary Shares representing approximately 2 per cent. of the Enlarged Share Capital at a price per Ordinary Share equal to the Placing Price. The warrant is proposed to be capable of exercise during the period starting on Admission and ending on the 10th anniversary of Admission.
- 10.4. A relationship agreement dated 23 June 2017 (“Relationship Agreement”) between the Company, Paul Hogarth, Judith Hogarth, Hermitage Holdings (Wilmslow) Limited and Zeus Capital to regulate aspects of the continuing relationship between the Group and Mr Hogarth and his connected persons. Each of Mr Hogarth, Mrs Hogarth and Hermitage Holdings (Wilmslow) Limited undertakes to use his voting rights (and procure that their Associates (as such term is defined in the AIM Rules) use their voting rights) to ensure that the Group is capable at all times of carrying on its business independently of them and that future transactions with the Group are on an arm’s length basis and on normal commercial terms. Mr Hogarth, Mrs Hogarth and Hermitage Holdings (Wilmslow) Limited also each undertake not to take any action that would prevent the Group from complying with any applicable laws including AIM Rule 13 (related party transactions). The Relationship Agreement will terminate with immediate effect in certain circumstances including but not limited to: (a) if the Ordinary Shares cease to be admitted to trading on AIM and (b) if the interests of Mr Hogarth, Mrs Hogarth, Hermitage Holdings (Wilmslow) Limited and their Associates fall below 17.8 per cent. of the voting rights of the Company. Mr Hogarth, Mrs Hogarth and Hermitage Holdings (Wilmslow) Limited have the right for so long as they are interested in 17.8 per cent. or more of the voting rights of the Company to nominate a Director by notice in writing to the Company. Mr Hogarth is the current nominated Director. In addition, Mr Hogarth, Mrs Hogarth and Hermitage Holdings (Wilmslow) Limited have the right for so long as they and their Associates are interested in 17.8 per cent. or more of the voting rights of the Company to have an observer attend and speak at Board meetings.
- 10.5. The Lock-in Agreements dated 23 June 2017 between the Company and each of the Selling Shareholders, Directors and Proposed Directors pursuant to which each signatory agreed to certain restrictions regarding the disposal of their shares in the Company for a period following Admission. Those restrictions include, *inter alia*, that the signatories will not, during the period of twelve months from the date of Admission, transfer the legal and/or beneficial ownership of any Ordinary Shares held by them.
- 10.6. Pursuant to a reorganisation of the Group which completed on 19 June 2017, the following material contracts were entered into:
  - 10.6.1. a share purchase agreement dated 19 June 2017 between the shareholders of PPL and Nadal Newco Limited, pursuant to which Nadal Newco Limited acquired the entire share capital of PPL, the consideration for which being the issue of shares in the capital of Nadal Newco Limited to the selling shareholders of PPL;
  - 10.6.2. a deed of assignment dated 19 June 2017 between Nadal Newco Limited, Robert Hunt and John Coffield, pursuant to which Nadal Newco Limited was assigned the membership interest of Robert Hunt and John Coffield in PMS, the consideration for which being the issue of shares in the capital of Nadal Newco Limited to Robert Hunt and John Coffield;
  - 10.6.3. a share purchase agreement dated 19 June 2017 between PPL and Nadal Newco Limited, pursuant to which Nadal Newco Limited acquired the shares held by PPL in the capital of Tatton Capital Group Limited, the consideration for which being satisfied by way of an intercompany debt;
  - 10.6.4. a share purchase agreement dated 19 June 2017 between Tatton Capital Group Limited and Nadal Newco Limited, pursuant to which Nadal Newco Limited acquired the shares held by Tatton Capital Group Limited in the capital of Tatton Capital Limited, the consideration for which being the issue of shares in the capital of Nadal Newco Limited and an intercompany debt;
  - 10.6.5. a share purchase agreement dated 19 June 2017 between Nadal Newco Limited and the shareholders of Tatton Capital Group Limited, pursuant to which Nadal Newco Limited acquired the shares held by the shareholders of Tatton Capital Group Limited in the capital of Tatton Capital Group Limited, the consideration for which being the issue of shares in the capital of Nadal Newco Limited to the sellers; and

- 10.6.6. a share purchase agreement dated 19 June 2017 between the shareholders of Nadal Newco Limited and the Company pursuant to which the Company acquired the entire share capital of Nadal Newco Limited, the consideration for which being the issue of shares in the capital of the Company.

The above mentioned agreements contained only title and capacity warranties, which were given by the seller(s) of the shares in each instance.

## **11. Related Party Transactions**

- 11.1. Paradigm Partners (Wilmslow) LLP, of which Paul Hogarth is a designated partner, owns a minority holding of 250,000 P ordinary shares of £0.01 each in the capital of Nucleus IFA Co, shareholder of Nucleus, a company with which the Group regularly trades.
- 11.2. Adviser Cloud is a joint venture, entered into in December 2015 between PPL, Helen Read, Ian Jowett and David Wood. PPL owns 50 per cent. of the shares in the capital of Adviser Cloud. Adviser Cloud provides back office and front office software products to financial advisers. The Group entered into a loan agreement with Adviser Cloud, pursuant to which it has agreed to make working capital available to Adviser Cloud for the development of the joint venture. The value of the loan for the financial year ended 31 March 2017 was £66,000.
- 11.3 Jargon Free Benefits is a limited liability partnership of which Paul Hogarth is a designated partner. Jargon Free Benefits provides technology to communicate workplace benefits to the employees of small and medium sized enterprises. For the financial year ended 31 March 2016, the sum of £1,253,000 was owed by Jargon Free Benefits to the Group in respect of working capital funding. These funds were provided to Jargon Free Benefits pursuant to the Group's facility with Santander plc. At 31 March 2017, PMS made full provision of £1,251,000 against the recoverability of amounts due from Jargon Free Benefits.
- 11.4 Amber Financial is a company in which the Group is a shareholder. Amber Financial provides a WRAP platform to IFAs and their clients and is a regulated entity (FCA number 557354). For the financial year ending 31 March 2016, the sum of £271,000 was owed to the Group by Amber Financial in respect of working capital funding. At 31 March 2017, the Group made full provision against the recoverability of amounts due from Amber Financial of £350,000 and £34,000 respectively. These funds were provided to Jargon Free Benefits pursuant to the Group's facility with Santander plc.
- 11.5 Paradigm Investment Management is a limited liability partnership of which Paul Hogarth is a designated partner. Paradigm Investment Management makes payment of the element of the revenue of PPL payable to PPL's IFA clients. This gross income is accrued by PPL and paid to Paradigm Investment Management annually. For the financial year ending 31 March 2017, the sum of £1,456,000 was owed to the Group by Paradigm Investment Management.
- 11.6 For the financial year ending 31 March 2016, the sum of £2,115,000 was owed to the Group by Paradigm Management Partners in respect of working capital utilised to fund Amber Financial (Amber Financial being a subsidiary of Paradigm Management Partners). At 31 March 2017, the loan was repaid in full.
- 11.7 Paul Hogarth is the founder and major shareholder in private equity-backed Perspective Financial Group. Perspective Financial Group is a client of the Group. TCL has over £4 billion of AUM of which Perspective Financial Group clients constitute approximately £625 million. For the financial year ending 31 March 2017, the sum of £467,000 was owed to the Group by Perspective Financial Group in respect of trade related debt items. Profits attributable to Perspective Financial Group amounted to less than 5 per cent. of the Group's profits for the year ended 31 March 2017.
- 11.8 An agreement between TIML and Cambridge Investments Limited, a company wholly owned by Perspective Financial Group. Under this agreement, TIML will provide DFM services to Cambridge Investments Limited from Admission. The agreement formalises an existing arrangement between the parties and it is terminable by either party giving the other 12 months' notice. Under the agreement, Cambridge Investments Limited will pay TIML a fee of £135,000 (excluding VAT) per annum.

- 11.9 During the period during which Tatton Investment Management was not an FCA authorised entity, Tatton Investment Management operated as a trading style of Cambridge Investment Limited (FCA number 114762). The fees paid by the Group to Perspective Financial Group (detailed in Part III paragraph 32) relate to these fees.
- 11.10 A transitional services agreement between PPL and Jargonfree and a transitional services agreement between PPL and Amber which will come into force on the date of Admission. Each of Jargonfree and Amber are companies controlled by Paul Hogarth. Under these agreements PPL will provide to, or arrange the provision to or access by, Jargonfree and Amber of certain payroll and HR services, financial accounts services and IT services from Admission. These agreements formalise existing undocumented arrangements between the parties in respect of the provision of these services. The agreements will commence on Admission and, unless terminated earlier, will continue for a period of 24 months. Under the agreements, Jargonfree will pay PPL a fee of £2,000 and Amber will pay PPL a fee of £2,000. Either party to an agreement can terminate the agreement if there is a change of control (where “control” is as defined in section 1124 of the Corporation Taxes Act 2010) of the other party to the agreement.

## **12. Working Capital**

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is, for at least the next twelve months from the date of Admission.

## **13. Litigation**

The Group is not involved nor has been involved in any legal or arbitration proceedings in the previous 12 months which have or may have had in the recent past, a significant effect on the Group’s financial position or profitability nor, so far as the Directors are aware are any such proceedings pending or threatened against any member of the Group.

## **14. United Kingdom Taxation**

- 14.1. The following statements are intended only as a general guide current as at 22 June 2017 (being the latest practicable date prior to publication of this Document) to United Kingdom tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person’s) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.

### **14.2. Stamp Duty and Stamp Duty Reserve Tax**

Save in relation to non EU depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax (“SDRT”) should arise on the issue of Ordinary Shares or on their registration in the names of applicants.

Following a change to the stamp duty and SDRT legislation from 28 April 2014 after the Finance Act 2014 received Royal Assent in July 2014, transfers of shares on a recognised growth market no longer attract stamp duty and SDRT. AIM qualifies as a recognised growth



market for the purpose of stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes), no charge to stamp duty or SDRT will arise on their transfer. If the Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to stamp duty or SDRT (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given) save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

#### *14.3. Dividends*

The United Kingdom taxation implications relevant to the receipt of dividends on the new Ordinary Shares are as follows:

There is no United Kingdom withholding tax on dividends. Individual holders of Ordinary Shares will be taxable on the total dividend received, which will be regarded as the top slice of the individual's income.

For individuals, during the tax year 6 April 2017 to 5 April 2018, there is a £5,000 dividend allowance which means that the first £5,000 of dividends are tax free, regardless of the individual's level of income. The income tax rates on dividends to the extent that they exceed the dividend allowance are such that basic rate taxpayers will pay 7.5 per cent. on the excess, higher rate taxpayers will pay 32.5 per cent. and additional rate taxpayers will pay 38.1 per cent.

A holder of Ordinary Shares which is a company resident for tax purposes in the United Kingdom will have to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the United Kingdom, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder.

Shareholders resident for tax purposes outside the UK may be subject to foreign taxation on dividends received on their Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such shareholders will not be subject to any UK tax on their dividends where they have no other sources of income from the UK and do not have a UK permanent establishment, representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Non-UK resident shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received and whether any reliefs are available or other taxation consequences arising from their ownership of the Ordinary Shares.

#### *14.4. Disposal of shares acquired under the Placing*

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised above the annual exemption (currently £11,300 for 2017/18). Capital gains tax is charged at a rate of 20 per cent. where income and gains exceed the threshold for higher rate tax, and 10 per cent. if income and gains are below this level.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.

A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of their Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. A shareholder who is an individual and who has, on or after 17 March 1998,

ceased to be resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

#### **14.5. Inheritance tax**

The Ordinary Shares will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Individuals subject to IHT in relation to a shareholding in an AIM listed company may be entitled to business property relief of up to 100 per cent. after a holding period of two years providing that all the relevant conditions for the relief are satisfied at the appropriate time.

Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, bringing them within the charge to inheritance tax. Holders of Ordinary Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through such a company or trust arrangement, or in a situation where there is potential for a charge both to United Kingdom inheritance tax and to a similar tax in another jurisdiction, or if they are in any doubt about their United Kingdom inheritance tax position.

- 14.6. Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this Document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

#### **15. Other Information**

- 15.1. The accounting reference date of the Company is 31 March.
- 15.2. The fees and expenses of, and incidental to, the Admission payable by the Company are estimated at approximately £1.9 million exclusive of VAT. These include (but are not limited to) accountancy fees, solicitors fees and the fees of the Company's nominated adviser and broker.
- 15.3. Except for the Material Contracts referred to in paragraph 10 of this Part V, there are no contracts or agreements which are of fundamental importance to the Company's business.
- 15.4. Save as disclosed in this Document, the Company is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.
- 15.5. None of the Directors or Proposed Directors perform any principal activities outside the Group that are significant with respect to the Company.
- 15.6. Except as stated in this Document, there have been no principal investments made by the Company during the last three financial years and there are no principal future investments on which firm commitments have been made.
- 15.7. Except as otherwise stated in this Document and save as set out below, no person (excluding professional advisers named in the Admission Document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the Company's application to AIM, or has entered into any contractual arrangements with the



Company to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more, securities which have a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission:

- (a) Each of DJL Financial Consulting Limited and Holmebrook Capital Partners have been paid, or are entitled to, a fee totalling in excess of £10,000. The extent to which such fees are in connection with the Proposals is included in the estimate of costs associated with the Proposals set out in paragraph 15.2 of this Part V. DJL Financial Consulting Limited was engaged by the Company to provide professional consultancy services to the Directors in connection with the project management of the process to Admission. Holmebrook Capital Partners was engaged by the Company as a consultant to provide general consulting services to the Directors including certain advice in relation to the Proposals.
- 15.8. Deloitte LLP, as Auditors and Reporting Accountants have given and not withdrawn their written consent to the inclusion in this Document of their report at Part III.
- 15.9. Deloitte LLP is registered with the Institute of Chartered Accountants in England and Wales to carry out audit work.
- 15.10. Zeus Capital, as nominated adviser and broker to the Company, has given and not withdrawn its written consent to the issue of this Document with the inclusion in it of references to its name in the form and context in which it appears.
- 15.11. Where information has been sourced from a third party, this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware, and are able to ascertain from information provided by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.12. Except as disclosed below, there has been no significant change in the financial or trading position of the Company since the period ending 31 March 2017, the date to which the last audited results of the Company were prepared.
- 15.13. Save as disclosed in this Document there are no environmental issues that the Directors or Proposed Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors and Proposed Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely to have a material effect on the Company's prospects for the current financial year.
- 15.14. The financial information relating to the Company contained in this Document does not comprise statutory accounts for the purposes of section 431 of the Act.
- 15.15. The Placing Price of 156 pence represents a premium of approximately 680 per cent. to the 20 pence nominal value of an Ordinary Share.

#### **16. Documents Available For Inspection**

Copies of the following documents will be available for inspection at the offices of DWF LLP during normal business hours on any weekdays (Saturdays and public holidays excepted) for 30 days from the date of Admission:

- (a) the Articles of Association of the Company;
- (b) the Accountants' report set out in Part III of this Document; and
- (c) the consent letters from the Company's advisers referred to in paragraph 15 of this Part V.

#### **17. Availability of this Document**

Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital, 82 King Street, Manchester M2 4WQ and the registered office of the Company, Paradigm House, Lower Meadow Road, Handforth, Wilmslow, Cheshire SK9 3ND from the date of this Document until one month from the date of Admission in accordance with the AIM Rules.

23 June 2017

## APPENDIX

### SELLING SHAREHOLDERS

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Judith Hogarth	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	7,092,819	Former director of a member of the Group
Hermitage Holdings (Wilmslow) Limited	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	9,802,066	Former shareholder of Paradigm Partners Limited
Anthony Morrow	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	1,349,686	Former director of a member of the Group
Anthony Murrell	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	990,563	Employee
Leigh Cobb	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	432,032	Employee
Graeme Nicholson	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	50,404	Employee
Neil Auty	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	144,011	Employee
David Ryder	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	72,005	Employee
Paul Hughes	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	72,005	Employee
Noel Stublely	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	397,805	Director, employee
Graeme Stewart	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	72,005	Employee

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Lothar Mentel	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	397,805	Director, employee
Stuart Cresswell	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	288,021	Former employee
John Coffield	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	241,188	Employee
Robert Hunt	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	506,513	Employee
Paradigm Partners Trustee No. 1 Limited and Anthony Morrow as the trustees of the Prism Trust	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	35,673	Former shareholder of Tatton Capital Limited
James Kean	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	26,609	Employee
Samuel Leary	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	22,175	Employee
Helen O'Neill	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	16,631	Employee
Alex Antonius	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	11,087	Employee
Mark Murray	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	5,543	Employee
Alastair Coward	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	5,543	Employee
Paradigm Partners Trustee No. 1 Limited and Paradigm Partners Trustee No. 2 Limited as trustees of the Paradigm Partners Trust	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	1,979,890	Former shareholder of Nadal Newco Limited

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Paradigm Partners Trustee No. 1 Limited and Paradigm Partners Trustee No. 2 Limited as trustees of the Paradigm Mortgages Trust	Paradigm House Lower Meadow Road Handforth Wilmslow SK9 3ND	281,548	Former shareholder of Nadal Newco Limited
Absolute Financial Management Limited	The Bull Yard r/o 75 High Street Ashford Kent TN34 1BE	32,807	IFA member or principal of IFA member
Acorn Bowman Finance & Investment Management Ltd	The Chapel 51 High Street Minster Kent CT12 4BT	16,404	IFA member or principal of IFA member
Alan David Setters	148 Ringwood Road St Ives Ringwood Hampshire BH24 2NS	16,403	IFA member or principal of IFA member
Alastair Ian Cameron-Dick	5 Hylands Close Northiam East Sussex TN31 6LZ	7,471	IFA member or principal of IFA member
Andrea Sutcliffe	The Penthouse Westwood Court Westwood Road Southampton SO17 1UX	4,101	IFA member or principal of IFA member
Andrew Gareth Edwards	Old Croxton Coach House Croxton Stafford ST21 6PE	8,366	IFA member or principal of IFA member
Andrew Walford	16 Oldaker Road Newick East Sussex BN8 4LW	32,807	IFA member or principal of IFA member
Andrew Wood	Fish House Kytes Lane Durley Southampton SO32 2AE	16,239	IFA member or principal of IFA member
Anthony James Powell	28 Lower Edge Road Rastrick HD6 3LD	4,921	IFA member or principal of IFA member
Ben Olson	34 Parrys Lane Bristol BS9 1AB	3,307	IFA member or principal of IFA member
Bernard Pooley	Top Spinney Keeble Park Perranwell Station Truro Cornwall TR3 7NL	3,671	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Brents Financial Services Limited	Prestige House Radford Business Centre Radford Way Billericay Essex CM12 0BZ	16,404	IFA member or principal of IFA member
Buckland Harvester Limited	Parsonage Chambers 3 Parsonage Manchester M2 3HW	16,404	IFA member or principal of IFA member
Burgess & Lee Limited	8 Portman Terrace 223 Seaborne Road Southbourne Bournemouth Dorset BH5 2HP	32,807	IFA member or principal of IFA member
Burley Financial Services Limited	5-8 Jessops Riverside Brightside Lane Sheffield South Yorkshire S9 2RX	16,404	IFA member or principal of IFA member
Chadney Bulgin LLP	89 Fleet Road Fleet Hants GU51 3PJ	16,404	IFA member or principal of IFA member
Charlotte Olson	34 Parrys Lane Bristol BS9 1AB	3,307	IFA member or principal of IFA member
Cheesman & Groves Limited	Ash House 340-342 London Road Hadleigh Benfleet Essex SS7 2DD	65,614	IFA member or principal of IFA member
Christopher Blackmore	Trehan Silverwell Blackwater Truro TR4 8JH	6,561	IFA member or principal of IFA member
Christopher Francis Grogan	Blenheim House Tilford Road Farnham GU9 8DL	32,807	IFA member or principal of IFA member
Christopher Heslop	3 Holyrood Close Prestwich Manchester M25 1QD	8,202	IFA member or principal of IFA member
Christopher Paul Lock	9 Bowes Road Walton-on-Thames KT12 3HS	8,202	IFA member or principal of IFA member
Claire Parker	216 Church Road Hove East Sussex BN3 2DJ	1,001	IFA member or principal of IFA member
Colin Fell	The Firs Main Street Aire York YO61 1RS	14,517	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Daniel Levy	216 Church Road Hove East Sussex BN3 2DJ	1,001	IFA member or principal of IFA member
David Anthony O'Hara	9 Leycester Road Knutsford Cheshire WA16 8QR	25,954	IFA member or principal of IFA member
David Arthur Snowden	42 Connaught Road Nunthorpe Middlesbrough TS7 0BS	8,202	IFA member or principal of IFA member
David Maurice Stevenson	30 Waterfoot Park Londonderry Northern Ireland BT47 6SW	4,101	IFA member or principal of IFA member
David Vivian Thomas	2 Manor Court Harlington Doncaster	1,274	IFA member or principal of IFA member
Denise Lorraine Gargett	10 Homerell Close Redcar Cleveland TS10 2PY	16,403	IFA member or principal of IFA member
Dominic Morgan Browning	Morar Brooklands Lane Torquay TQ2 6PH	8,202	IFA member or principal of IFA member
Emma Mary Rourke	The Oast House Susans Hill Woodchurch Kent TN26 3RE	26,333	IFA member or principal of IFA member
Emma Smith	Manor Barns Manor Lane Whilton Northants NN1 2UH	23,867	IFA member or principal of IFA member
Enterprise Consulting (IFA) LLP	Laurel Cottage Philpot Lane Chobham Woking Surrey GH24 8AP	32,807	IFA member or principal of IFA member
Esteem Money Limited	Suite 12 Pontsychan House Absersychan Torfaen NP4 7BA	16,403	IFA member or principal of IFA member
Financial Profiles Limited	3 St George's Yard Farnham Surrey GU9 7LW	32,807	IFA member or principal of IFA member
Five Point Consulting Limited	7a Bank Street Wetherby West Yorkshire LS22 6NQ	16,403	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Foinaven Asset Management Ltd	The Old Vicarage 51 St. John Street Ashbourne Derbyshire DE6 1GP	32,807	IFA member or principal of IFA member
Gary Alan Blakemore	57 Leonard Ropner Drive Stockton-on-Tees TS19 7QQ	8,202	IFA member or principal of IFA member
Garry Haywood	The Mendips 30 Langley Avenue Surbiton Surrey KT6 6QW	32,807	IFA member or principal of IFA member
Gordon Craig	301 Swanwick Lane Lower Swanwick Southampton SO31 7GT	16,239	IFA member or principal of IFA member
Gordon John Race	11 Phillips Close Rownhams Southampton SO16 8LT	16,239	IFA member or principal of IFA member
Graham Shields	Flat 3 8 Rockstone Place Southampton SO15 2EQ	8,202	IFA member or principal of IFA member
Granite Financial Management Limited	Granite House 122 Feering Hill Colchester Essex CO5 9PY	32,807	IFA member or principal of IFA member
Grosvenor Consultancy Limited	76 Macrea Road Ham Green Bristol BS20 0DD	6,675	IFA member or principal of IFA member
Hawley & Wood Limited	18 Percy Street Rotherham S Yorkshire S65 1ED	16,403	IFA member or principal of IFA member
HCL Investment Services Limited	1 Church Road Brewood Staffs ST19 9BT	32,807	IFA member or principal of IFA member
Helen Lobb-Jones	21 Banister Way Shipston on Stour Warwickshire CV38 4JU	4,101	IFA member or principal of IFA member
Hunter Hammond Daniel Associates Limited	216 Church Road Hove Sussex BN3 2DJ	65,614	IFA member or principal of IFA member
Iain Eadie	Millennium House 177 Walsall Road Lichfield WS13 8AE	8,202	IFA member or principal of IFA member
Ian Michael Speakman	8 Barnsley Road Scawsby Doncaster DN5 8QJ	1,244	IFA member or principal of IFA member



<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
IFS Financial Planning Limited	9 Malton Way Adwick-le-Street Doncaster South Yorkshire DN6 7FE	32,807	IFA member or principal of IFA member
Info4 Ltd	4 The Rise Reading Road Finchampstead Wokingham Berkshire RG40 4RH	32,807	IFA member or principal of IFA member
Inspired Wealth Solutions Limited	Clock Tower 2-4 High Street Kidlington Oxfordshire OX5 2DH	16,403	IFA member or principal of IFA member
Integrity Financial Management Limited	7 The Bridge Hope Fountain Camberley Surrey GU15 1JF	32,807	IFA member or principal of IFA member
Invicta Financial Group Limited	High Weald House Petteridge Lance Petteridge Matfield Tonbridge TN12 7LT	49,211	IFA member or principal of IFA member
Jane Anne Wyse	Hillside The Orchard Stanedge Road Bakewell DE45 1DG	8,202	IFA member or principal of IFA member
Janet Dorothy Edwards	Old Croxton Coach House Croxton Stafford ST21 6PE	8,038	IFA member or principal of IFA member
Jaskaran Singh Jaspal	York Farm Pagets Lane Bubbenhall Coventry CV8 3BJ	16,403	IFA member or principal of IFA member
Jeffrey Gouk	1 Belmost Office Park 232-240 Belmont Road Belfast Northern Ireland BT4 2AW	16,403	IFA member or principal of IFA member
Jeanette Sweet	31 Sherbourne Avenue Bradley Bristol BS32 8DX	3,307	IFA member or principal of IFA member
Jennifer Read	Pear Tree Cottage Old School Road Appledore Kent TN26 2AR	14,488	IFA member or principal of IFA member
John Henly & Associates Limited	6 The Barns Pennypot Lane Chobham Surrey GU2 8DJ	16,403	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
John Joseph Murray	23 Millgrove Park Eglinton Londonderry Northern Ireland BT47 3YU	4,101	IFA member or principal of IFA member
John Murdoch	24 Nith Place Dumfries DG1 2PN	5,431	IFA member or principal of IFA member
John O'Hare	East Lodge 256 Ryebank Road Chorlton Manchester M21 9LU	14,763	IFA member or principal of IFA member
John Paul Rourke	The Oast House Susans Hill Woodchurch Kent TN26 3RE	26,424	IFA member or principal of IFA member
Jonathan Matthew King	The Dower House Pearson Road Sonning RG4 6UL	8,202	IFA member or principal of IFA member
JP Leefe & Co LLP	Carlton House Gwash Way Ryhall Road Stamford PE9 1XP	16,403	IFA member or principal of IFA member
Julie Jones	37 Wraxall Road Warmley Bristol BS30 8DN	3,307	IFA member or principal of IFA member
Justine Levy	216 Church Road Hove East Sussex BN3 2DJ	971	IFA member or principal of IFA member
Karen Lisa King	The Dower House Pearson Road Sonning RG4 6UL	65,614	IFA member or principal of IFA member
Karl Edwards	2 Bennett Close Maidenbower West Sussex RH10 7HW	16,403	IFA member or principal of IFA member
Keith Meredith	3 Pine Close Ferndown Dorset BH22 9QX	4,101	IFA member or principal of IFA member
Kennedy Independent Financial Advice Ltd	27 Butcher Street Strabane County Tyrone Northern Ireland BT82 8BJ	16,403	IFA member or principal of IFA member
Knight James Associates Ltd	6 Station Road Thames Ditton Surrey KT7 0NR	16,403	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Laurel Court Associates Limited	9 Austin Close Newton Portcawl Mid Glamorgan Wales CF36 5SN	16,403	IFA member or principal of IFA member
Lily Hoi See Setters	148 Ringwood Road St Ives Ringwood Hampshire BH24 2NS	16,403	IFA member or principal of IFA member
Lisa Hammond	216 Church Road Hove East Sussex BN3 2DJ	1,001	IFA member or principal of IFA member
Lisa Taylor	14b Main Street Upton Pont@	1,640	IFA member or principal of IFA member
Lloyd O'Sullivan Financial Services	145 Walton Road East Molesey Surrey KT8 0DU	65,614	IFA member or principal of IFA member
Lucien Trathen	Orchard Bungalow Swan Pool Falmouth	71,887	IFA member or principal of IFA member
Margaret Elizabeth Taylor	24 Pennine Way Hemsworth WF9 4SL	4,921	IFA member or principal of IFA member
Mark Silvester	42 The Lakes Larkfield Kent ME20 6GF	2,700	IFA member or principal of IFA member
Mark Stanton	Arden House 18 Elgin Gardens Stratford Upon Avon Warwickshire CV37 7BG	6,151	IFA member or principal of IFA member
Martin Green	Foxbrook House Old Warwick Road Rowington Warwick CV35 7AB	8,202	IFA member or principal of IFA member
Matthew Jones	37 Wraxall Road Warmley Bristol BS30 8DN	3,307	IFA member or principal of IFA member
Merchants (Bishops Waltham) Limited	The Merchants House 6-8 High Street Bishops Waltham Southampton Hampshire SO32 1AA	16,403	IFA member or principal of IFA member
MG Shaw (UK) Limited	4 High Street Norton Stockton on Tees Cleveland TS20 1DN	32,807	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Michael Brooksbank	6 Endor Crescent Burley in Wharfedale Ilkley West Yorkshire LS29 7QH	16,403	IFA member or principal of IFA member
Michael Geoffrey Norman	21 Broadway Southbourne Bournemouth BH6 4EE	4,101	IFA member or principal of IFA member
Michael Terry Aveling	8 Chestnut Grove Sprotborough Doncaster DN5 7RW	1,274	IFA member or principal of IFA member
Michael Durkin	7 The Stables Newby Hall Ripon North Yorkshire HG4 5AE	16,403	IFA member or principal of IFA member
Michelle Meredith	3 Pine Close Ferndown Dorset BH22 9QX	4,101	IFA member or principal of IFA member
Oracle Financial Planning Limited	4 Admiral Way Doxford International Business Park Sunderland Tyne & Wear SR3 3XW	16,403	IFA member or principal of IFA member
Pall Mall Financial Independence Limited	43 Oxford Drive London SE1 2FB	65,614	IFA member or principal of IFA member
Patrick O'Hara	Oak Cottage Church Road  Lane End Bucks HP14 3HL	49,211	IFA member or principal of IFA member
Paul Hammond	216 Church Road Hove East Sussex BN3 2DJ	1,001	IFA member or principal of IFA member
Paul Heath	4 Bisham Park Sandymoor Runcorn WA7 1XH	25,964	IFA member or principal of IFA member
Paul Malin	24 North Place Dumfries DG1 2PN	5,431	IFA member or principal of IFA member
Paul McGonigle	574 Warwick Road Solihull Midlands B91 1AD	16,403	IFA member or principal of IFA member
Peter Edwin Davis	4 Parkside Gardens Winchester Hants SO22 5NA	6,397	IFA member or principal of IFA member
Peter Weston	6 Great Rough Newick East Sussex B8 4HY	32,807	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Mike Petrie	158 Weoley Castle Road Birmingham Midlands B29 5QL	32,807	IFA member or principal of IFA member
Philip Cudworth	The Chapel 65 High Street Eagle Lincoln LN6 9DG	2,624	IFA member or principal of IFA member
Philip Howard Yates	10 Dee Meadows Holt Wrexham LL13 9YZ	16,403	IFA member or principal of IFA member
Piers Clarkson	23a Bitterne Way Southampton SO19 4EB	4,101	IFA member or principal of IFA member
PJC North West Limited	c/o UHY Hacker Young Pembroke House Ellice Way Wrexham Technology Park Wrexham LL13 7YT	16,403	IFA member or principal of IFA member
Proact Financial (Bolton) Limited	37 Mawdsley Street Bolton BL1 1LN	16,403	IFA member or principal of IFA member
Protect and Invest Limited	2 Old Bath Road Newbury Berkshire RG14 1QL	16,403	IFA member or principal of IFA member
Richard Cross	101 Ripon Hall Avenue Ramsbottom Bury BL0 9TQ	1,640	IFA member or principal of IFA member
Richard Horwill Carne	Crossways Curdridge Lane Curdridge Southampton SO32 2BJ	6,397	IFA member or principal of IFA member
Rick Mark Wyse	Hillside The Orchard Stanedge Road Bakewell DE45 1DG	8,202	IFA member or principal of IFA member
Robert Paulding	Arlebury The Crescent Willow Lane Black Water GU17 9DL	33,323	IFA member or principal of IFA member
Roger Badley	14 Acorn Drive Chandler Ford Eastleigh Hants SO53 4LA	6,397	IFA member or principal of IFA member
Roy Alfred Hursey	8 Eliot Close Hawarden Flintshire CH5 3TW	25,923	IFA member or principal of IFA member

<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Sarah Stanton	Arden House 18 Elgin Gardens Stratford Upon Avon Warwickshire CV37 7BG	6,151	IFA member or principal of IFA member
Sean Parker	216 Church Road Hove East Sussex BN3 2DJ	971	IFA member or principal of IFA member
Sheila Tarr	20 Hunts Pond Road Park Gate Southampton SO31 6QA	32,807	IFA member or principal of IFA member
Spicer and Yarwood Limited	1A Ashley Way Market Harborough LE16 7XD	8,202	IFA member or principal of IFA member
St George's Financial Services Ltd	66 High Street Fordingham Hants SP6 1AX	24,605	IFA member or principal of IFA member
Stephen James Johnson	The Larches Chalkpit Lane Marlow SL7 2PN	16,403	IFA member or principal of IFA member
Stephen Leslie Hirst	4 Helston Place Middleton LS10 4Z	4,921	IFA member or principal of IFA member
Stephen Lee	47 Forest Grove Essleston Park Prescott Merseyside  L34 2RY	16,403	IFA member or principal of IFA member
Stephen Sweet	31 Sherbourne Avenue Bradley Stoke Bristol BS32 8DX	3,307	IFA member or principal of IFA member
Sterling Asset Management & Services Limited	62 Cambridge Road West Bridgford Nottingham NG2 5LZ	16,403	IFA member or principal of IFA member
Steven John Speed	7 Cumberland Road Southport Merseyside PR8 6NY	8,202	IFA member or principal of IFA member
Steven Kenneth Myers	63 London Road Horsham West Sussex RH12 1AN	8,202	IFA member or principal of IFA member
Steven Robert Ford	St John's House 284 Benfleet Road Benfleet Essex SS7 1PS	16,403	IFA member or principal of IFA member
Stolworthy Pilling & Associates LLP	15 Connaught Way Tunbridge Wells Kent TN4 9QJ	16,403	IFA member or principal of IFA member



<b>Name</b>	<b>Business Address</b>	<b>Number of Existing Ordinary Shares</b>	<b>Position, office or other material relationship with the Company in the past three years</b>
Summit Financial Planning Limited	160 Aztec Aztec West Bristol BS32 4TU	16,403	IFA member or principal of IFA member
The Ross Partnership LLP	12 Holly Crescent Windsor SL4 5SL	16,403	IFA member or principal of IFA member
Thomas Burley	54 Claredon Road Redland Bristol BS6 7ET	3,307	IFA member or principal of IFA member
Time Financial Management Ltd	Moirgate Crofts Business Centre Alma Road Moorgate Rotherham S60 2EN	16,403	IFA member or principal of IFA member
Timothy John Prior and Alison Jane Prior	Hilton House Hilton Bridgnorth Shropshire WV15 5PD	32,807	IFA member or principal of IFA member
Tony Smith	Manor Barns Manor Lane Whilton Northants NN1 2UH	23,908	IFA member or principal of IFA member
Victoria Eadie	Millennium House 177 Walsall Road Lichfield WS13 8AE	8,202	IFA member or principal of IFA member
Whichers IFA Limited	150-152 Brighton Road Coulsdon Surrey CR5 2YQ	16,403	IFA member or principal of IFA member
Whitebridge Financial Planning Limited	9 Sinderby Close Gosforth Newcastle NE3 5JB	16,403	IFA member or principal of IFA member
William Charles Smith	36-38 Salamander Street Edinburgh EH6 7HZ	16,403	IFA member or principal of IFA member
William St Clare Limited	Catherine House Coventry Road Hinckley LE10 0JT	16,403	IFA member or principal of IFA member





