



**Interim Report
and Accounts 2022**

The Future of Investment



Consistent progress in our Roadmap to Growth

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Find out more about
Tatton Asset Management at
tattonassetmanagement.com

Tatton Asset Management plc

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

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As Tatton heads towards its tenth anniversary, it is rewarding to see the MPS space come of age.

”

Paul Hogarth
Chief Executive Officer, TAM plc

Highlights

The Group has performed well in the first half of the year with continued growth in revenue and profits assisted by record net inflows and the participation in record mortgage completions in what has been a difficult and volatile market.

Financial

Group revenue (£m)
£15.934m +15.1%
(2021: £13.847m)

Adjusted operating profit¹ (£m)
£7.982m +15.1%
(2021: £6.934m)

Net cash (£m)
£21.622m +46.6%
(2021: £14.747m)

Adjusted fully diluted EPS¹ (p)
9.89p +12.9%
(2021: 8.76p)

Proposed interim dividend (p)
4.50p +12.5%
(2021: 4.00p)

Reported profit before tax (£m)
£6.624m +38.4%
(2021: £4.787m)

Non-financial

AUM / AUI² (£bn)
£12.343bn +14.4%
(2021: £10.787bn)

Asset net inflows (£m)
£907m +39.1%
(2021: £652m)

Tatton Investment Management firms
806 +14.7%
(2021: 703 firms,
81,600 client
accounts)

Paradigm Mortgages completions (£bn)
£7.3bn +10.6%
(2021: £6.6bn)

Paradigm Consulting members
424 +1.4%
(2021: 418)

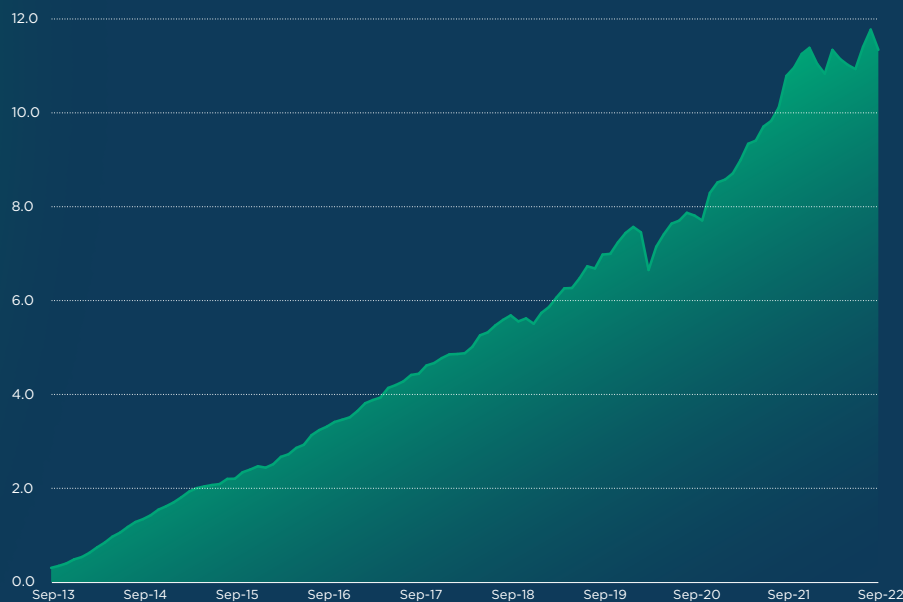
Paradigm Mortgages members
1,706 +3.6%
(2021: 1,646)

Business Highlights at 30 September 2022

- Group revenue increased by 15.1% to £15.934 million (2021: £13.847 million)
- Adjusted operating profit¹ increased by 15.1% to £7.982 million (2021: £6.934 million) and profit before tax increased by 38.4% to £6.624 million (2021: £4.787 million)
- AUM increased by 5.2% to £11.343 billion (2021: £10.787 billion)
- Organic net inflows in the period of £907 million (2021: £652 million)
- Acquisition of 50% of the share capital of 8AM Global Limited resulting in the Group's AUM / AUI increasing to £12.3 billion after adding assets under influence ("AUI") of £1.0 billion
- Paradigm Consulting member firms grew to 424 (2021: 418), and Mortgages members increased to 1,706 (2021: 1,646). Paradigm Mortgages participated in mortgage completions of £7.3 billion (2021: £6.6 billion), as well as annual protection premiums of £8.37 million (2021: £7.97 million)

KPIs

Tatton Assets under management in £ billion



Group revenue (£m)

2020	11.0
2021	13.8
2022	15.9

Adjusted operating profit¹ (£m)

2020	5.0
2021	6.9
2022	8.0

Profit before tax (£m)

2020	3.1
2021	4.8
2022	6.6

Adjusted EPS¹ (p)

2020	6.6
2021	8.8
2022	9.9

1. Alternative performance measures are detailed in note 17.
2. Assets under influence 100% of the 8AM AUM.

Strategic Review



We are pleased with our performance despite volatile markets and continue to forge ahead and execute our Roadmap to Growth strategy through record level of net inflows and our latest acquisition of 8AM.



Paul Hogarth
Chief Executive Officer

The Group Delivers Continued Growth

The Group has performed well in the period with continued growth in revenue and profits assisted by record net inflows in what has been a difficult and volatile market. We also completed our third strategically aligned acquisition towards the end of the period.

Group revenue for the period increased 15.1% to £15.934 million (Sep 2021: £13.847 million). Adjusted operating profit¹ for the period increased 15.1% to £7.982 million (Sep 2021: £6.934 million) with adjusted operating profit margin¹ holding firm at 50.1% (Sep 2021: 50.1%).

Pre-tax profit after the impact of exceptional items, amortisation of acquisition related intangibles, finance costs and share-based payment charges increased to £6.624 million (Sep 2021: £4.787 million) and taxation charges for the period were £1.291 million (Sep 2021: £0.889 million). This gives an effective tax rate of 19.5% when measured against profit before tax. Adjusting for exceptional costs and share-based payments, the effective tax rate is 19.6%.

The basic earnings per share was 9.01p (Sep 2021: 6.82p). When adjusted for exceptional items, amortisation of acquisition related intangibles and share-based payment charges, basic adjusted earnings per share was 10.43p (Sep 2021: 9.48p). Adjusted earnings per share fully diluted for the impact of share options was 9.89p (Sep 2021: 8.76p), an increase of 12.9%.

TATTON

Tatton continues to perform strongly and has delivered record net inflows in the last six months of £907 million an increase of 39.1% on the prior year (Sep 2021: £652 million). Total AUM at the end of the period increased to £11.343 billion (Mar 2022: £11.341 billion) and while net inflows were very strong the volatile markets over the period have caused a significant drag on the closing AUM. In addition to the strong organic inflows the Group added a further £1.0 billion of AUI towards the end of the period following the acquisition of 8AM Global Limited. This added to the existing AUM gives AUM / AUI of £12.343 billion at the end of the period and maintains our momentum towards the £15.0 billion target in our “Roadmap to Growth” strategy by March 2024.

+15.1%

**Group revenue grew to £15.934m
(2021: £13.847m)**

As a result, Tatton's revenue, which now accounts for 79.9% of Group revenue, grew 17.0% to £12.738 million (Sep 2021: £10.885 million) and adjusted operating profit¹ grew 14.8% to £7.663 million (Sep 2021: £6.673 million), delivering an adjusted operating profit margin¹ of 60.2% (Sep 2021: 61.3%).

The Model Portfolio Services ("MPS") market is forecast to grow at a rate of 25% per annum (Platform Report: August 2022) and reach up to £200 billion by the end of 2026 (Dec 2021: £81.37 billion). As we continue to promote and support the growth of the MPS market on platform and through a wide range of IFA education programmes, we will look to increase our penetration through a broadened distribution base. As a minimum we aim to maintain our market share and continue to grow our distribution footprint through meaningful strategic partnerships. In support of this we have been pleased to see our IFA firms continue to grow by over 8.0% to 806 (Mar 2022: 746) throughout this period. We look forward to seeing these close relationships continue to evolve in the coming months as intensive activity continues to further promote the Tatton service.



**We listen to our firms and
develop our service to meet
their changing needs.**



Paul Hogarth
Chief Executive Officer

+15.1%

**Adjusted operating profit¹ grew to
£7.982m (2021: £6.934m)**

As we look ahead, we will keep the needs of the IFA at the heart of our business as this remains central to all we do. We are delighted to be able to assist IFAs in meeting the rising regulatory bar and standards required by the Consumer Duty through the continued application of building long-term partnerships and delivering consistent service, performance and IFA support. Consequently, we were delighted to be recognised as leaders in our field for a fifth year running by Moneyfacts through the "Best Investment Service" award – voted for by IFAs across the UK.

As we head towards our tenth anniversary it is rewarding to see the MPS space come of age. We acknowledge and welcome the increased competitor activity in this space and see this as recognition and validation that our price point of 0.15% is becoming the new normal, a trend we have long predicted. We continue to respond to competition by listening to our firms, evolving our service to meet their changing needs and further embedding Tatton into their operating models. We have also continued to actively engage with consolidators as activity persists in this space and we are optimistic that, while this is an ongoing challenge, we also see this as an opportunity to deliver our service through this fast-evolving landscape.

PARADIGM

Paradigm has maintained its performance following a strong result in the year ended March 2022, growing revenue over the same period last year by 8.3% to £3.198 million (Sep 2021: £2.954 million) and adjusted operating profit¹ by 7.8% to £1.352 million (Sep 2021: £1.254 million).

Strategic Review continued

Paradigm Consulting increased its members to 424 (Mar 2022: 421) and Paradigm Mortgages, the Group's mortgage distribution and support services business, increased the number of mortgage firms utilising the services to 1,706 (Mar 2022: 1,674).

While the mortgage market environment post COVID-19 has remained challenging, especially given the impact of rising interest rates, Paradigm Mortgages saw the momentum from the prior year continue into this period. Applications with associated value of £8.75 billion, an increase of 18% on the prior year, translated into Paradigm Mortgages participating in record completions of £7.3 billion (Sep 2021: £6.6 billion) of gross lending an increase of over 10%. Protection sales also hit record highs as annual premiums rose to £8.37 million (Sep 2021: £7.97 million) as membership and cross-sales activities grew against market trends.

In the second half of the year we anticipate a more uncertain environment. At the end of this period and as a result of the September mini budget, a significant number of products were withdrawn from the market by lenders, twice the number withdrawn during April 2020, and those lenders that remained active repriced products as interest rates rose rapidly. The pressure has since eased somewhat with residential mortgage products being reintroduced at more competitive rates as uncertainty eased, but the buy-to-let and specialist markets remain difficult. In addition, with the current cost of living crisis and general level of inflation, affordability and resultant lender attitude to risk, it is likely that this will hamper the purchase and mover market, certainly in the short term.

As buyers pursue home ownership over rental status, the issue of the number of buyers to available properties (supply and demand) will remain and will potentially constrain the new mortgage market.

As a result, mortgage firms' bias has moved to re-mortgages and this is expected to continue as record market retention volumes present significant product transfer business opportunities.

This environment is anticipated to continue into 2023 and while the market and case placement may be more complex, it has also never been more important to gain good advice, enhancing the opportunity for advisers. In summary, as we continue to grow the number of firms, we anticipate the second half of the year to remain stable as the market recovers.

ACQUISITION

On 15 August 2022 the Group acquired 50% of the issued share capital of 8AM Global Limited ("8AM") for a consideration of £7.0 million (the "Consideration"), with an option to acquire a further 50% in due course. The Consideration of c.£7.0 million comprises 50% or £3.5 million of initial consideration, payable through the issue of new shares which incurred an additional £0.3 million related to underwriting costs, and £3.5 million deferred consideration payable in equal cash instalments against financial performance targets at the end of the first year and second year post completion. This takes the total consideration for the acquisition to £7.3 million. It is expected to generate adjusted operating profit¹ of £0.7 million in its first full financial year.

SEPARATELY DISCLOSED ITEMS

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

The Group incurred exceptional costs of £0.352 million related to the acquisition of 8AM Global Limited and a latent one-off cost related to the acquisition of the Verbatim range of funds in the prior year.

BALANCE SHEET

The Group's balance sheet remains healthy with net assets at 30 September 2022 totalling £35.7 million (Sep 2021: £27.5 million) reflecting the continued growth and profitability of the Group. In line with the capital light nature of the business model property, plant and equipment has decreased slightly to £0.6 million (Sep 2021: £0.9 million). Intangible assets, including goodwill and investment in joint ventures, of £20.2 million have been recognised (Sep 2021: £13.4 million), an increase of £6.8 million largely relating to the acquisition of 8AM Global Limited.

CASH RESOURCES

Cash generated from operations was £7.0 million, £7.3 million before exceptional items (Sep 2021: £7.0 million) and was 101% of operating profit. The Group remains debt free with closing net cash at the end of the period of £21.6 million (Sep 2021: £14.7 million). The cash resources are after the payment of corporation tax of £1.6 million and dividend payments of £5.0 million relating to the final dividend for the year ended 31 March 2022.

ISSUE OF NEW SHARES

In the period, the Group issued 1,115,699 new shares of which 237,962 shares were issued to satisfy the exercise of options related to the Enterprise Management Incentive ("EMI") and Company's Save As You Earn ("SAYE") employee share option schemes, with a further 877,737 issued as consideration for the initial payment relating to the acquisition of 8AM Global Limited.

DIVIDEND PROPOSAL AND CAPITAL ADEQUACY

The Board is pleased to recommend an interim dividend of 4.5p per share, an increase of 12.5% on the prior period interim dividend. This level of dividend reflects our cash performance and underlying confidence in the business, while at the same time ensuring that appropriate levels of capital resources are maintained within the Group.

On 1 January 2022, the Financial Conduct Authority ("FCA") introduced a new prudential regime for MiFID investment firms, the Investment Firms Prudential Regime ("IFPR"). As a result of these new rules, the Group will face an increased level of requirement in relation to the level of capital resources held across the Group, with restrictions in utilising cash or debt to fund acquisitions.

The interim dividend of 4.5p per share, totalling £2.7 million, will be paid on 16 December 2022 to shareholders on the register at close of business on 2 December 2022 and will have an ex-dividend date of 1 December 2022. In accordance with International Financial Reporting Standards ("IFRSs"), the interim dividend has not been included as a liability in this interim statement.

BUSINESS RISK

The Board identified principal risks and uncertainties which may have a material impact on the Group's performance in the Group's 2022 Annual Report and Financial Statements (pages 30 and 31) and believes that the nature of these risks remains largely unchanged at the half year. The Board will continue to monitor and manage identified principal risks throughout the second half of the year.

Strategic Review continued

POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

GOING CONCERN

As stated in note 2.2 of these condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period not less than 12 months from the date of this report. To form this view, the Directors have also considered the impact of the recent COVID-19 pandemic and the resulting economic uncertainty. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

SUMMARY AND OUTLOOK

In summary, the Group has delivered a solid first half result, delivering against our strategic objectives and maintaining strong growth of revenue and profits.

We are pleased with this performance and while volatile markets were a drag on AUM growth, by delivering record net inflows coupled with the acquisition of 8AM, we continue to execute our “Roadmap to Growth” strategy, a three-year target of increasing AUM from £9.0 billion (Mar 2021) to £15.0 billion through a combination of organic new net inflows and strategically aligned acquisitions. At the end of this period our AUM / AUI now sits at over £12.3 billion, just over halfway to our target.

As we look forward, while net inflows were very strong in the first six months due partly to a number of significant wins which complemented underlying flows, we anticipate net inflows will return to a more normalised level in line with the second half of the prior year and that the Paradigm business will continue to perform well.

We look forward to making further progress in the rest of the year while remaining mindful of the continuing macro-economic turbulence and market volatility and we remain confident in the Group’s longer-term prospects.

Financial Statements

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The resilient business model continues to deliver growth in revenue and profits in a volatile market.

”

Paul Hogarth
Chief Executive Officer

Consolidated Statement of Total Comprehensive Income

For the six months ended 30 September 2022

		Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
	Note			
Revenue		15,934	13,847	29,356
Administrative expenses		(9,006)	(8,895)	(17,726)
Operating profit		6,928	4,952	11,630
Share-based payment costs	4	495	1,735	2,399
Amortisation of acquisition related intangibles	4	207	60	266
Exceptional items	4	352	187	231
Adjusted operating profit (before separately disclosed items)¹		7,982	6,934	14,526
Finance costs		(304)	(165)	(355)
Profit before tax		6,624	4,787	11,275
Taxation charge	5	(1,291)	(889)	(2,033)
Profit attributable to shareholders		5,333	3,898	9,242
Earnings per share - Basic	6	9.01p	6.82p	15.92p
Earnings per share - Diluted	6	8.72p	6.45p	15.17p
Adjusted earnings per share - Basic²	6	10.43p	9.48p	19.87p
Adjusted earnings per share - Diluted²	6	9.89p	8.76p	18.62p

- Adjusted for exceptional items, amortisation of acquisition related intangibles and share-based payment costs. See note 17.
- Adjusted for exceptional items, amortisation of acquisition related intangibles and share-based payment costs and the tax thereon. See note 17.

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

Consolidated Statement of Financial Position

As at 30 September 2022

		Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Non-current assets				
Goodwill	7	9,337	9,275	9,337
Investment in joint ventures	8	6,996	-	-
Intangible assets	9	3,831	4,162	4,047
Property, plant and equipment	10	593	888	749
Deferred tax assets		806	1,414	841
Total non-current assets		21,563	15,739	14,974
Current assets				
Trade and other receivables	11	3,902	8,565	3,805
Financial assets at fair value through profit or loss	13	122	177	152
Corporation tax		941	2,043	706
Cash and cash equivalents		21,622	14,747	21,710
Total current assets		26,587	25,532	26,373
Total assets		48,150	41,271	41,347
Current liabilities				
Trade and other payables	12	(6,633)	(10,335)	(7,556)
Total current liabilities		(6,633)	(10,335)	(7,556)
Non-current liabilities				
Other payables	12	(5,851)	(3,388)	(2,747)
Total non-current liabilities		(5,851)	(3,388)	(2,747)
Total liabilities		(12,484)	(13,723)	(10,303)
Net assets		35,666	27,548	31,044
Equity attributable to equity holders of the entity				
Share capital		12,006	11,781	11,783
Share premium account		15,219	11,617	11,632
Other reserve		2,041	2,041	2,041
Merger reserve		(28,968)	(28,968)	(28,968)
Retained earnings		35,368	31,077	34,556
Total equity		35,666	27,548	31,044

The financial statements on pages 10 to 33 were approved by the Board of Directors on 21 November 2022 and were signed on its behalf by:



Paul Edwards
Director

Company registration number: 10634323

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Share capital (£'000)	Share premium (£'000)	Own shares (£'000)	Other reserve (£'000)	Merger reserve (£'000)	Retained earnings (£'000)	Total equity (£'000)
At 1 April 2021	11,578	11,534	(1,969)	2,041	(28,968)	30,230	24,446
Profit and total comprehensive income	-	-	-	-	-	3,898	3,898
Dividends	-	-	-	-	-	(4,284)	(4,284)
Share-based payments	-	-	-	-	-	2,130	2,130
Tax on share-based payments	-	-	-	-	-	1,265	1,265
Issue of share capital on exercise of employee share options	203	83	(193)	-	-	-	93
Own shares utilised on exercise of options	-	-	2,162	-	-	(2,162)	-
At 30 September 2021	11,781	11,617	-	2,041	(28,968)	31,077	27,548
Profit and total comprehensive income	-	-	-	-	-	5,344	5,344
Dividends	-	-	-	-	-	(2,357)	(2,357)
Share-based payments	-	-	-	-	-	549	549
Tax on share-based payments	-	-	-	-	-	(57)	(57)
Issue of share capital on exercise of employee share options	2	15	-	-	-	-	17
At 31 March 2022	11,783	11,632	-	2,041	(28,968)	34,556	31,044
Profit and total comprehensive income	-	-	-	-	-	5,333	5,333
Dividends	-	-	-	-	-	(5,012)	(5,012)
Share-based payments	-	-	-	-	-	658	658
Tax on share-based payments	-	-	-	-	-	(167)	(167)
Issue of share capital on exercise of employee share options	47	77	(28)	-	-	-	96
Own shares utilised on exercise of options	-	-	28	-	-	-	28
Issue of share capital on acquisition of a joint venture	176	3,510	-	-	-	-	3,686
At 30 September 2022	12,006	15,219	-	2,041	(28,968)	35,368	35,666

Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
	Note		
Operating activities			
Profit for the period	5,333	3,898	9,242
Adjustments:			
Income tax expense	5 1,291	889	2,033
Finance costs	304	165	355
Depreciation of property, plant and equipment	10 190	181	377
Amortisation of intangible assets	9 330	210	536
Share-based payment expense	4 495	1,735	1,492
Distributions receivables from joint ventures	(40)	-	-
Changes in:			
Trade and other receivables	(169)	(3,146)	309
Trade and other payables	(751)	2,879	907
Exceptional costs	4 352	187	231
Cash generated from operations before exceptional costs	7,335	6,998	15,482
Cash generated from operations	6,983	6,811	15,251
Income tax paid	(1,620)	(1,612)	(1,612)
Net cash from operating activities	5,363	5,199	13,639
Investing activities			
Payment for the acquisition of subsidiary, net of cash acquired	-	-	(2,825)
Purchase of intangible assets	(114)	(2,957)	(211)
Purchase of property, plant and equipment	(34)	(17)	(74)
Cost of underwriting shares	(152)	-	-
Net cash used in investing activities	(300)	(2,974)	(3,110)
Financing activities			
Interest paid	(92)	(47)	(144)
Dividends paid	(5,012)	(4,284)	(6,641)
Proceeds from the issue of shares	87	93	111
Proceeds from exercise of options	-	-	1,230
Repayment of the lease liabilities	(134)	(174)	(309)
Net cash used in financing activities	(5,151)	(4,412)	(5,753)
Net (decrease)/increase in cash and cash equivalents	(88)	(2,187)	4,776
Cash and cash equivalents at beginning of period	21,710	16,934	16,934
Net cash and cash equivalents at end of period	21,622	14,747	21,710

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

Notes to the Consolidated Financial Statements

1. General Information

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

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

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

The condensed consolidated interim financial statements for the six months ended 30 September 2022 do not constitute statutory accounts as defined under section 434 of the Companies Act 2006. The Annual Report and Financial Statements (the “financial statements”) for the year ended 31 March 2022 were approved by the Board on 14 June 2022 and have been delivered to the Registrar of Companies. The Auditor, Deloitte LLP, reported on these financial statements; its report was unqualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

2. Accounting Policies

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

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the United Kingdom. The condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 March 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the United Kingdom. The condensed consolidated interim financial statements were approved for release on 17 November 2022.

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

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

2. Accounting Policies continued

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

The key accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the consolidated financial statements. The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2022.

2.2 Going concern

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

2.3 New accounting standards

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

A number of new standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated financial statements.

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

2.4 Operating segments

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

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

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

2. Accounting Policies continued

2.5 Significant judgements, key assumptions and estimates

In the process of applying the Group's accounting policies, which are described in the consolidated financial statements for the year ended 31 March 2022, management have made judgements and estimations about the future that have an effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, it is revised in the period of the revision and in future periods. Changes for accounting estimates would be accounted for prospectively under IAS 8.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 March 2022. The only exceptions relate to the contingent consideration recognised in the period and the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

During the period, the Group made an acquisition of 50% of the share capital of 8AM Global Limited and has recognised an investment and contingent consideration. The value of the earnout consideration is variable dependent on performance conditions and management will perform a further assessment of the valuation of certain assets acquired and liabilities assumed with the acquisition.

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

2.6 Alternative performance measures

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

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

3. Segment Reporting

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

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

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

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

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

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

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

1. Alternative performance measures are detailed in note 17.

Notes to the Consolidated Financial Statements continued

3. Segment Reporting continued

Period ended 30 September 2021	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	10,885	2,954	8	13,847
Administrative expenses	(4,272)	(1,700)	(2,923)	(8,895)
Operating profit/(loss)	6,613	1,254	(2,915)	4,952
Share-based payment costs	-	-	1,735	1,735
Amortisation of acquisition related intangibles	60	-	-	60
Exceptional costs	-	-	187	187
Adjusted operating profit/(loss) (before separately disclosed items)¹	6,673	1,254	(993)	6,934
Finance costs	(9)	-	(156)	(165)
Profit/(loss) before tax	6,604	1,254	(3,071)	4,787

Year ended 31 March 2022	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	23,345	5,995	16	29,356
Administrative expenses	(9,939)	(3,561)	(4,226)	(17,726)
Operating profit/(loss)	13,406	2,434	(4,210)	11,630
Share-based payment costs	-	-	2,399	2,399
Amortisation of acquisition related intangibles	231	-	-	231
Exceptional costs	266	-	-	266
Adjusted operating profit/(loss) (before separately disclosed items)¹	13,903	2,434	(1,811)	14,526
Finance costs	(18)	-	(337)	(355)
Profit/(loss) before tax	13,388	2,434	(4,547)	11,275

All turnover arose in the United Kingdom.

1. Alternative performance measures are detailed in note 17.

4. Separately Disclosed Items

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Acquisition-related expenses	352	187	231
Total exceptional costs	352	187	231
Amortisation of acquisition related intangible assets	207	60	266
Share-based payment costs	495	1,735	2,399
Total separately disclosed costs	1,054	1,982	2,896

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

Exceptional items

During the period, the Group acquired 50% of the share capital of 8AM Global Limited. The Group incurred professional fees of £256,000 during the process which have been treated as exceptional items.

The Group also incurred one-off costs relating to the acquisition of the Verbatim funds in the period amounting to £96,000. These costs have been treated as exceptional items.

Acquisition-related expenses in the prior year relate to professional fees incurred as a result of the Group acquiring £650 million of assets under management in the Verbatim funds.

Share-based payment charges

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

Amortisation of acquisition related intangible assets

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

Notes to the Consolidated Financial Statements continued

5. Taxation

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Current tax expense			
Current tax on profits for the period	1,498	1,150	2,010
Share-based payment costs	(83)	(487)	-
Adjustment for under-provision in prior periods	-	-	(52)
	1,415	663	1,958
Deferred tax expense			
Share-based payment costs	(101)	250	261
Origination and reversal of temporary differences	(23)	7	-
Adjustment in respect of previous years	-	-	(30)
Effect of changes in tax rates	-	(31)	(156)
	(124)	226	75
Total tax expense	1,291	889	2,033

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

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Profit before taxation	6,624	4,787	11,275
Tax at UK corporation tax rate of 19% (2021: 19%)	1,259	910	2,142
Expenses not deductible for tax purposes	49	44	45
Capital allowances in excess of depreciation	42	32	1
Adjustments in respect of previous years	-	-	(82)
Share-based payments	(59)	(66)	20
Income not taxable	-	-	1
Effect of changes in tax rates	-	(31)	(94)
Total tax expense	1,291	889	2,033

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 30 September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (31 March 2022: 25%).

6. Earnings per Share and Dividends

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

Number of shares

	Unaudited six months ended 30-Sep 2022	Unaudited six months ended 30-Sep 2021	Audited year ended 31-Mar 2022
Basic			
Weighted average number of shares in issue	59,220,759	57,937,803	58,424,150
Effect of own shares held by an EBT	-	(745,506)	(373,774)
	59,220,759	57,192,297	58,050,376
Diluted			
Effect of weighted average number of options outstanding for the year	1,909,700	3,266,404	2,875,504
Weighted average number of shares in issue (diluted) ¹	61,130,459	60,458,701	60,925,880
Adjusted diluted			
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	1,305,290	1,429,271	1,042,011
Adjusted diluted weighted average number of options and shares for the year ²	62,435,749	61,887,972	61,967,891

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

Own shares held by an EBT represents the Company's own shares purchased and held by the EBT, shown at cost. During the period the EBT was gifted 139,500 of the Company's own shares. These shares were subsequently fully utilised during the period to satisfy the exercise of employees' EMI options. In the year ended 31 March 2022 the EBT purchased 966,546 of the Company's own shares which were fully utilised during that year to satisfy the exercise of employee share options.

Notes to the Consolidated Financial Statements continued

6. Earnings per Share and Dividends continued

	Unaudited six months ended 30-Sep 2022	Unaudited six months ended 30-Sep 2021	Audited year ended 31-Mar 2022
Earnings attributable to ordinary shareholders			
Basic and diluted profit for the period	5,333	3,898	9,242
Share-based payments - IFRS 2 option charges	495	1,735	2,399
Amortisation of acquisition related intangibles	207	60	266
Exceptional costs (note 4)	352	187	231
Tax impact of adjustments	(401)	(457)	(602)
Adjusted basic and diluted profits for the period and attributable earnings	5,986	5,423	11,536
Earnings per share - basic (pence)	9.01	6.82	15.92
Earnings per share - diluted (pence)	8.72	6.45	15.17
Adjusted earnings per share - basic (pence) ¹	10.43	9.48	19.87
Adjusted earnings per share - diluted (pence) ¹	9.89	8.76	18.62

1. Alternative performance measures are detailed in note 17.

Dividends

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

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

In the year ended 31 March 2022, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2021 of £4,284,000 representing a payment of 7.5p per share.

In addition, the Company paid an interim dividend of £2,357,000 (2021: £1,999,000) to its equity shareholders. This represents a payment of 4.0p per share (2021: 3.5p per share).

7. Goodwill

	Intangible assets (£'000)
Cost and carrying value at 31 March 2021	6,254
Recognised as part of a business combination	3,021
Balance at 30 September 2021	9,275
Recognised as part of a business combination	62
Balance at 31 March 2022 and 30 September 2022	9,337

Impairment loss and subsequent reversal

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

Goodwill impairment testing

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

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") or group of units that are expected to benefit from that business combination. The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Directors have considered the carrying value of goodwill at 30 September 2022 and do not consider that it is impaired.

Growth rates

The value in use is calculated from cash flow projections based on the Group's forecasts for the year ended 31 March 2023 which are extrapolated for a further four years. The Group's latest financial forecasts, which cover a three-year period, are reviewed by the Board.

Discount rates

The pre-tax discount rate used to calculate value is 11.5% (2021: 10.8%). The discount rate is derived from a benchmark calculated from a number of comparable businesses.

Cash flow assumptions

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

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

Notes to the Consolidated Financial Statements continued

8. Investment in Joint Ventures

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Opening Investment	-	-	-
Additions in the period	6,956	-	-
Profit for the period after tax	40	-	-
Closing Investment	6,996	-	-

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

9. Intangibles

	Computer software (£'000)	Client relationships (£'000)	Brand (£'000)	Total (£'000)
Cost				
Balance at 1 April 2021	819	1,196	-	2,015
Acquired as part of a business combination	-	2,838	98	2,936
Balance at 30 September 2021	819	4,034	98	4,951
Additions	211	-	-	211
Disposals	(24)	-	-	(24)
Balance at 31 March 2022	1,006	4,034	98	5,138
Additions	114	-	-	114
Balance at 30 September 2022	1,120	4,034	98	5,252
Accumulated amortisation and impairment				
Balance at 1 April 2021	(399)	(180)	-	(579)
Charge for the period	(150)	(60)	-	(210)
Balance at 30 September 2021	(549)	(240)	-	(789)
Charge for the period	(120)	(201)	(5)	(326)
Disposals	24	-	-	24
Balance at 31 March 2022	(645)	(441)	(5)	(1,091)
Charge for the period	(123)	(202)	(5)	(330)
Balance at 30 September 2022	(768)	(643)	(10)	(1,421)
Carrying amount				
At 1 April 2021	420	1,016	-	1,436
At 30 September 2021	270	3,794	98	4,162
At 31 March 2022	361	3,593	93	4,047
At 30 September 2022	352	3,391	88	3,831

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

10. Property, Plant and Equipment

	Computer, office equipment and motor vehicles (£'000)	Fixtures and fittings (£'000)	Right-of-use assets (£'000)	Total (£'000)
Cost				
Balance at 1 April 2021	432	477	931	1,840
Additions	17	-	60	77
Balance at 30 September 2021	449	477	991	1,917
Additions	57	-	-	57
Disposals	(161)	-	-	(161)
Balance at 31 March 2022	345	477	991	1,813
Additions	31	3	-	34
Balance at 30 September 2022	376	480	991	1,847
Accumulated depreciation and impairment				
Balance at 1 April 2021	(327)	(207)	(314)	(848)
Charge for the period	(31)	(48)	(102)	(181)
Balance at 30 September 2021	(358)	(255)	(416)	(1,029)
Charge for the period	(42)	(47)	(107)	(196)
Disposals	161	-	-	161
Balance at 31 March 2022	(239)	(302)	(523)	(1,064)
Charge for the period	(34)	(48)	(108)	(190)
Balance at 30 September 2022	(273)	(350)	(631)	(1,254)
Carrying amount				
At 1 April 2021	105	270	617	992
At 30 September 2021	91	222	575	888
At 31 March 2022	106	175	468	749
At 30 September 2022	103	130	360	593

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

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

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

Notes to the Consolidated Financial Statements continued

10. Property, Plant and Equipment continued

Right-of-use assets

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Amounts recognised in profit and loss			
Depreciation on right-of-use assets	(108)	(102)	(209)
Interest expense on lease liabilities	(7)	(11)	(23)
Expense relating to short-term leases	(31)	(15)	(30)
Expense relating to low value assets	(1)	(1)	-
Total	(147)	(129)	(262)

At 30 September 2022, the Group is committed to £59,000 for short-term leases. The total cash outflow for leases amounts to £166,000.

11. Trade and Other Receivables

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Trade receivables	522	275	329
Prepayments and accrued income	3,348	3,165	3,442
Other receivables	32	5,125	34
Total trade and other payables	3,902	8,565	3,805

All trade receivable amounts are short term. The carrying value is considered a fair approximation of their fair value. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables at an amount equal to lifetime ECLs. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2021: £nil).

The amounts due from related parties are net of provisions. The carrying value of the provisions as at 30 September 2022 was £1,311,000 (2021: £1,311,000).

The decrease in Other receivables largely relates to the money owed to the Group from the sale of shares on exercise of employee share options in the period ended 30 September 2021 which was settled shortly after that date. There are no such receivables in the current period.

Trade receivable amounts are all held in sterling.

12. Trade and Other Payables

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Trade payables	913	458	855
Amounts due to related parties	234	231	235
Accruals	2,521	3,307	3,468
Deferred income	155	92	98
Contingent consideration	5,722	3,000	2,486
Other payables	2,939	6,635	3,161
	12,484	13,723	10,303
Less non-current portion:			
Contingent consideration	(5,722)	(3,000)	(2,486)
Other payables	(129)	(388)	(261)
Total non-current trade and other payables	(5,851)	(3,388)	(2,747)
Total current trade and other payables	6,633	10,335	7,556

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

13. Financial Instruments

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

Fair value estimation

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

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

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

Notes to the Consolidated Financial Statements continued

13. Financial Instruments continued

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

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
Financial investments in regulated funds or model portfolios	122	177	152

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

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

Contingent consideration	£'000
Balance at 1 April 2021	-
Recognised on acquisition	3,000
Balance at 30 September 2021	3,000
Changes in fair value of contingent consideration	(514)
Balance at 31 March 2022	2,486
Recognised on acquisition	3,118
Changes in the fair value of contingent consideration	118
Balance at 30 September 2022	5,722

14. Equity

	Number
Authorised, called up and fully paid	
At 1 April 2021	55,889,065
Issue of share capital on exercise of employee share options	1,016,349
At 30 September 2021	58,905,414
Issue of share capital on exercise of employee share options	9,473
At 31 March 2022	58,914,887
Issue of share capital on exercise of employee share options	237,962
Issue of share capital as payment for an acquisition	877,737
At 30 September 2022	60,030,586

15. Share-Based Payments

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

(A) Schemes

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

On 7 July 2017 the Group launched an EMI share option scheme relating to shares in Tatton Asset Management plc to enable senior management to participate in the equity of the Company. 3,022,733 options with a weighted average exercise price of £1.89 were granted, exercisable in July 2021. There have been nil (2021: 650,933) options exercised during the period from this scheme.

15. Share-Based Payments continued

The scheme was extended on 8 August 2018, 1 August 2019, 28 July 2020, 15 July 2021 and 25 July 2022 with 1,720,138, 193,000, 1,000,000, 279,858 and 274,268 zero cost options granted in each respective year. These options are exercisable on the third anniversary of the grant date.

The options granted in 2018 vested and became exercisable in August 2021. There have been 50,000 (2021: 1,090,770) options exercised during the period from this scheme. 168,201 of these options lapsed in 2021.

The options granted in 2019 vested and became exercisable in August 2022. There have been 139,500 options exercised during the period from this scheme.

The options granted in 2020, 2021 and 2022 vest in August 2023, July 2024 and July 2025 respectively provided certain performance conditions and targets, set prior to grant, have been met. If the performance conditions are not met, the options lapse.

A total of 2,806,544 options remains outstanding at 30 September 2022, 1,256,668 of which are currently exercisable.

4,250 options were forfeited in the period (2021: 30,000). Within the accounts of the Company, the fair value at grant date is estimated using the appropriate models including both the Black-Scholes and Monte Carlo modelling methodologies.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2021	4,386,070	0.66
Granted during the period	279,858	-
Forfeited during the period	(30,000)	-
Lapsed during the period	(168,201)	-
Exercised during the period	(1,741,703)	1.70
Outstanding at 30 September 2021	2,726,024	0.60
Exercisable at 30 September 2021	1,294,668	1.27
Outstanding at 1 October 2021	2,726,024	0.60
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Lapsed during the period	(2)	-
Outstanding at 31 March 2022	2,726,026	0.60
Exercisable at 31 March 2022	1,294,668	1.27
Outstanding at 1 April 2022	2,767,026	0.60
Granted during the period	274,268	-
Forfeited during the period	(4,250)	-
Lapsed during the period	-	-
Exercised during the period	(189,500)	0.50
Outstanding at 30 September 2022	2,806,544	0.59
Exercisable at 30 September 2022	1,256,668	1.31

15. Share-Based Payments continued**(II) Tatton Asset Management plc Sharesave scheme ("TAM Sharesave scheme")**

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

The 2019 TAM Sharesave scheme vested in August 2022 and 73,599 shares options became exercisable. Over the life of the 2020, 2021 and 2022 TAM Sharesave schemes it is estimated that, based on current savings rates, 114,220, 42,880 and 60,667 share options respectively will be exercisable. The exercise price for these schemes is shown overleaf.

During the period, 48,462 (2021: 49,803) options have been exercised and 2,232 (2021: 4,070) options have been forfeited.

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

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2021	101,849	1.73
Granted during the period	60,779	2.17
Forfeited during the period	(4,070)	2.13
Exercised during the period	(49,803)	1.86
Outstanding at 30 September 2021	108,755	2.03
Exercisable at 30 September 2021	9,473	1.90
Outstanding at 1 October 2021	108,755	2.03
Granted during the period	17,089	2.28
Forfeited during the period	(1,854)	2.22
Exercised during the period	(9,473)	1.86
Outstanding at 31 March 2022	114,517	2.14
Exercisable at 31 March 2022	-	-
Outstanding at 1 April 2022	114,517	2.14
Granted during the period	34,815	2.45
Forfeited during the period	(2,232)	3.11
Exercised during the period	(48,462)	1.79
Outstanding at 30 September 2022	98,638	2.37
Exercisable at 30 September 2022	25,137	1.79

15. Share-Based Payments continued

(B) Valuation assumptions

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

	EMI scheme				Sharesave scheme			
	2022	2021	2020	2019	2022	2021	2020	2019
Share price at grant (£)	4.03	4.60	2.84	2.12	4.25	4.80	2.85	2.14
Exercise price (£)	-	-	-	-	3.26	3.60	2.29	1.79
Expected volatility (%)	34.05	33.76	34.80	30.44	34.05	33.76	34.80	30.44
Expected life (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Risk free rate (%)	1.71	0.24	(0.14)	0.35	1.71	0.12	(0.57)	0.35
Expected dividend yield (%)	3.11	2.39	3.38	3.96	3.11	2.39	3.38	3.96

(C) IFRS 2 share-based option costs

	Unaudited six months ended 30-Sep 2022 (£'000)	Unaudited six months ended 30-Sep 2021 (£'000)	Audited year ended 31-Mar 2022 (£'000)
TAM EMI scheme	463	1,620	2,347
TAM Sharesave scheme	32	22	52
	495	1,642	2,399

16. Related Party Transactions

There have been no related party transactions that have taken place during the period that have materially affected the financial position or the performance of the Group. There were also no changes to related party transactions from those disclosed in the 2022 Annual Report and Financial Statements that could have a material effect on the financial position or the performance of the Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed. There were no other transactions with related parties which were not part of the Group during the period, with the exception of remuneration paid to key management personnel.

Notes to the Consolidated Financial Statements continued

17. Alternative Performance Measures (“APMs”)

Income statement measures

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

17. Alternative Performance Measures (“APMs”) continued

Other measures

APM	Closest equivalent measure	Reconciling items to their statutory measure	Definition and purpose
Tatton – Assets under management (“AUM”) and net inflows	None	Not applicable	AUM is representative of the customer assets and is a measure of the value of the customer base. Movements in this base are an indication of performance in the year and growth of the business to generate revenues going forward. Net inflows measure the net of inflows and outflows of customer assets in the year.
Tatton – Assets under influence (“AUI”)	None	Not applicable	AUI is representative of the customers assets which are not directly managed by Tatton but over which we hold significant influence due to our shareholding in the company in which they are managed. Movements in this base are an indication of our participation in the performance of the joint venture and its growth in order to generate Tatton’s share of profits going forward.
Paradigm Consulting members and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Paradigm Mortgages lending, member firms and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Dividend cover	None	Not applicable	Dividend cover (being the ratio of the proposed final dividend against diluted earnings per share before exceptional items and share-based charges) demonstrates the Group’s ability to pay the proposed dividend.

18. Events after the Reporting Period

There were no material post balance sheet events.

19. Contingent Liabilities

At 30 September 2022, the Directors confirmed there were contingent liabilities of £nil (2021: £nil).

