15 June 2022

Tatton Asset Management PLC
("TAM plc", the "Group" or the "Company")
AIM: TAM

AUDITED FINAL RESULTS
For the year ended 31 March 2022

TAM plc, the investment management and IFA support services group, today announces its audited final results for the year ended 31 March 2022 ("FY22"), which show strong organic growth in line with expectations.

FINANCIAL HIGHLIGHTS

- Group revenue increased 25.7% to £29.356m (2021: £23.353m)
- Adjusted operating profit[1] up 27.4% to £14.526m (2021: £11.402m)
- Adjusted operating profit[1] margin 49.5% (2021: 48.8%)
- Adjusted fully diluted EPS[2] increased 26.3% to 18.62p (2021: 14.74p)
- Final dividend up 13.3% to 8.5p (2021: 7.5p), full year dividend of 12.5p (2021: 11.0p)
- Strong financial liquidity position, with net cash of £21.710m (2021: £16.934m)
- Strong balance sheet – Net assets increased 27.3% to £31.044m (2021: £24.446m)

1 Operating profit before exceptional items, share-based payment charges and amortisation of acquired intangibles
2 Adjusted fully diluted earnings per share is calculated by dividing the adjusted operating profit less cash interest and less tax on operating activities by the weighted average number of ordinary shares in issue during the year plus potentially dilutive ordinary shares.

OPERATIONAL HIGHLIGHTS

- Assets Under Management ("AUM") increased £2.35bn or 26.2% to £11.341bn (2021: £8.990bn). Current AUM at June 2022 c.£11.183bn
- Organic net inflows were £1.277bn (2021: £0.755bn), an increase of 14.2% of opening AUM with an average run rate of £106m per month
- Acquisition of £650m Verbatim funds in September 2021 and a five-year strategic distribution partnership with Fintel plc, providing access to 3,800 firms and over 6,000 users
- Recent acquisition of 8AM Global Limited (subject to regulatory approval) adds a further c.£0.8bn of assets
- Tatton's Ethical portfolios increased 84.1% £812m AUM (2021: £441m)
- Tatton's non-Managed Portfolio Services ("MPS") propositions now account for c.£1.2bn of AUM
- Tatton's IFA firms increased by 11.7% to 746 (2021: 668) and the number of accounts increased 23.9% to 89,780 (2021: 72,450)
- Paradigm Mortgages completions up by 16.0% to £13.15bn (2021: £11.34bn). Paradigm Mortgages member firms increased by 3.8% to 1,674 members (2021: 1,612 members)
- Paradigm Consulting increased its members by 3.4% to 421 (2021: 407)

Paul Hogarth, Chief Executive Officer, commented:

"I am delighted to report on yet another successful year for the Group, as we continue to execute our stated strategy and deliver strong organic and acquisitive growth for FY22. The geo-political and financial market volatility of the past year has highlighted that both our divisions are resilient and robust businesses with an attractive outlook as they continue to benefit from a consistent and sustainable business platform.

"Client outcomes remain and will always be our key focus. This was the "raison d'être" for the creation of Tatton back in 2013 and remains at the heart of our DNA as a business. Since inception, we have built a strong track record of delivering value and consistent investment returns at a market leading cost, through the IFA community and exclusively on platform. We continue to go from strength to strength, as we build on the strong organic net inflows, which have been further enhanced by the recent acquisitions. Paradigm is also well positioned to make further progress and support Group ambitions.

"As we look forward to FY23, our strategic emphasis will be to consolidate and build on the gains we have made to date whilst further developing the business to drive growth and long-term value creation. We continue to focus on and take a disciplined approach to executing our strategy and I remain excited about the opportunities that exist for the Group. While we remain conscious that these are uncertain times, both from an economic and geo-political standpoint, we are well positioned to make further progress in the year ahead and better equipped than most to deal with any prevailing market headwinds."

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CHAIRMAN'S STATEMENT

A challenging climate… A team to meet the challenge

DEAR SHAREHOLDER

Against the background of a further challenging period, both nationally and globally, I am happy to report that 2021/2022 has been another successful year for the Group. The management team has remained focused on delivering the strategy – developing products and services, through organic growth and Merger and Acquisition ("M&A") activity, directed at Independent Financial Advisers ("IFAs") – which has resulted in continued growth in Assets under Management ("AUM"), further revenue growth, a strong underlying profit performance, good cash generation and another lift in adjusted earnings per share.

STRATEGY IN PROGRESS

The Group's strategic objectives have not changed. We retain our focus on growth through the provision of products and services that are designed to enable IFAs to better advise their clients. We are committed to taking an increasing share of an expanding market, and to be the investment manager, and partner of choice, for IFAs.

Looking in turn at products (largely Tatton Investment Management ("Tatton" or "TIML")) and services ("Paradigm"), Tatton announced last year a "Roadmap to Growth" with a three-year target of increasing AUM from £9.0bn to £15.0bn through a combination of organic new net inflows and strategically aligned acquisitions. In this first year, a period during which the confidence of investors and savers was tested by national and global events, we have made good progress and ended the year with £11.3bn of AUM – just over a third of the way there. This growth was achieved following new organic net inflows of £1.3bn, to which the acquisition of the Verbatim range of funds earlier this year added £650m. We will continue to focus our efforts on delivering against these targets and I am positively encouraged by the good progress made to date.

Turning to Paradigm, against an uncertain backdrop in the year, we enjoyed a very positive performance with involvement in record mortgage completions of £13.15bn. While we continue to make good progress, with a significant number of new firms and improved market penetration, we are mindful that the government stimulus, particularly in the first half the year, contributed to a strong lending environment, which may well have had a positive influence on the overall performance. Nevertheless, the business remains well placed in its markets and strongly positioned to take advantage of opportunities that lie ahead.

FINANCIAL HIGHLIGHTS

Against the background outlined above, the Group has performed well. Group revenue increased by 25.7% to £29.4m (2021: £23.4m), while adjusted operating profit[1] rose by 27.4% to £14.5m (2021: £11.4m) and profit before tax, after incurring exceptional costs and share-based payment charges, improved further to £11.3m (2021: £7.3m). The impact of the above on fully diluted adjusted earnings per share[1] was an increase of 26.3% to 18.62p (2021: 14.74p) while basic earnings per share was 15.92p (2021: 10.86p).

OUR PEOPLE

Recognising that the Group is essentially a people driven business, the Board continues to position ethical values and appropriate behaviours at the centre of our approach to HR, with a view to sustaining a culture that attracts and retains the high calibre of employee necessary to meet the challenging objectives that we set ourselves.

The success of the Group in its ability to grow and create value is totally dependent on the talents and efforts of our employees working together towards a common purpose. Their combined abilities, adaptability and resilience are the key resource behind the results that we are now reporting. As ever, on behalf of the Board, I would like to thank all the Group's employees for their energy, commitment and dedication over the last financial year.

1. Alternative performance measures are detailed in note 23.

BOARD AND CORPORATE GOVERNANCE
TAM plc remains committed to the highest standards of corporate governance. The Board understands that this commitment is necessary for managing our business effectively and for maintaining investor confidence. Good governance adds value and reduces risk, and in a business which continues to grow and evolve, we look to sustain, develop and improve our governance arrangements continually.

SECTION 172 STATEMENT
Section 172 of the Companies Act 2006 requires the Directors to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this s.172 requires a Director to have regard, amongst other matters, to the likely consequences of any decisions in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company. Further information can be found on pages 42 to 45 of the 2022 Annual Report. The 2022 Annual Report is available at www.tattonassetmanagement.com.

DIVIDENDS
This year's results reflect the steps being taken to deliver our strategy and to create long term sustainable shareholder value. Given the continued progress, the Board is proposing to increase the final dividend by 13.3% to 8.5p per share (see note 9), bringing the total ordinary dividend for the year to 12.5p per share, an increase of 13.6%, which is 1.5 times covered by adjusted earnings per share. Subject to shareholder approval at the forthcoming Annual General Meeting, the dividend will be paid on 2 August 2022 to shareholders on the register on 24 June 2022. The ex-dividend date will be 23 June 2022.

OUTLOOK
Over the year under review the Group has delivered further progress, and we have taken the necessary steps strategically, operationally and financially to ensure that the Group is well positioned to continue to grow, and exploit both those opportunities that already exist, and those that will arise. We are clear at this point that, while we are immersed in a period of economic and geopolitical uncertainty, we need to remain focused on our strategic path and, notwithstanding the unpredictability of the current economic outlook, we anticipate that in doing so we will continue to make progress and deliver further value for our shareholders.

ROGER CORNICK
Chairman

CHIEF EXECUTIVE'S REVIEW

Creating the environment for growth

I am delighted to report on another successful year for the Group, as we continued to execute our stated strategy and deliver strong organic and acquisitive growth for FY22 in line with expectations.

The geo-political and financial market volatility of the past year has highlighted that both our divisions are resilient and robust businesses with an attractive outlook as they continue to benefit from a consistent and sustainable business platform.

Tatton is at the forefront of a changing financial services and investment landscape and our strategic aim remains to develop and grow AUM, as we increasingly become the investment manager of choice for IFAs and their clients.

Paradigm's Compliance, Mortgage and Protection propositions serve and champion the Directly Authorised Financial Adviser ("DA") and intermediary community. We continue to grow and improve both the number and the quality of firms, by delivering a wider breadth of compliance and aggregation support combined with excellent customer service to all our IFAs and intermediaries.

The clarity of strategy and focused execution have enabled the Group to build on the strong growth it has achieved every year since flotation in 2017 and deliver another record performance this financial year.

FINANCIAL AND OPERATIONAL PERFORMANCE

The Group continued to make excellent progress this year, delivering record results as well as making excellent headway on our "Roadmap to Growth" strategy set at the beginning of the year under review.

Group revenue increased by 25.7% to £29.4m and Group adjusted operating profit[1] increased by 27.4% to £14.5m, with margins improving to 49.5%. Cash generation was slightly ahead of expectations and we ended the year with £21.7m of cash on the balance sheet.

Tatton revenue increased by 29.0% to £23.3m, underpinned by record new net inflows of £1.277bn during the year, which contributed to strong growth in AUM of 26.2% to £11.341bn at the end of the financial year. The growth included a revenue contribution of £1.1m from the Verbatim funds that were acquired in September 2021. Excluding these, the organic revenue growth was strong at 22.7%. Tatton adjusted operating profit[1] increased by 27.5% to £13.9m and margins were maintained at 60%, as investment to drive the future growth of the business continued. Tatton income now accounts for 79.5% of Group revenue and the majority, or 95.7%, of the trading profits.

AUM Movement	£bn
Opening AUM 1 April 2021	8.990
Organic net flows	1.277
Acquisition (Verbatim)	0.650
Market and investment performance	0.424
Total AUM 31 March 2022	11.341

Paradigm revenue increased by 14.4% to £6.0m, on the back of a record year from the Mortgage business as its involvement in mortgage completions exceeded £13.0bn for the first time. This ultimately improved adjusted operating profit[1] by 20.0% to £2.4m and with corresponding margin improvement up 1.9 points to 40.6%.

1. Alternative performance measures are detailed in note 23.

MARKET TRENDS, STRATEGY AND BUSINESS MODEL

Tatton

Our “Roadmap to Growth” strategy includes a three-year target of increasing AUM by £6.0bn, from £9.0bn in FY21 to £15.0bn by FY24. One year on, we have already delivered £2.3bn, or just under 40%, of the £6.0bn target, with AUM at £11.34bn. This growth has been delivered through a combination of strong organic growth and the acquisition of £650m of the Verbatim range of funds in September 2021. The key elements and market trends underpinning this strategy remain unchanged and include the following elements – Platforms, Ethical Investment Solutions, Regulation and Distribution Footprint.

Platforms and Managed Portfolio Services (“MPS”)

Client outcomes remain and will always be our key focus. This was the “raison d’être” for the creation of Tatton back in 2013 and remains at the heart of our DNA as a business. Since inception, we have built a strong track record of delivering value and consistent investment returns at a market leading cost, utilising MPS while operating exclusively on Retail Investment Platforms (“Platforms”).

As the use of Platforms by IFAs continues to increase, with over £680bn of assets now held on Platforms, we continue to see increased demand for MPS. The combination of utilising both Platforms and MPS enables IFAs and their clients to bring together their chosen technology platform and investment solution under a single access point, which, in turn, is leading to an increasing share of IFA/client assets being invested utilising these solutions. As a result of this, the MPS market continues to mature, with the past 12 months bringing many new entrants but also seeing long-standing traditional investment managers entering the MPS market, as well as promoting their existing MPS propositions. This both helps promote and further validates the broader MPS opportunity and proposition.

Tatton remains at the forefront of the MPS market, as the leader from a price, proposition and service delivery perspective. This has enabled us to maintain our position, with over £10bn of our total £11.3bn being MPS AUM, making us the largest provider of MPS on-platform, nearly double the MPS AUM of our nearest competitor.

Ethical investment solutions

Tatton operates a full range of risk-rated MPS solutions, all with long, consistent investment track records. We consistently respond to IFAs’ feedback, evolving our proposition in line with their changing needs. We launched our first Ethical models back in 2014, becoming a “first mover” in this space. While initially the take-up was modest, sentiment has changed markedly and recent investor interest and demand for Ethical solutions has substantially increased, driving strong growth of inflows. In a further move to satisfy this demand, we will launch our latest set of Ethical investment solutions with a range of three risk-rated “ETHOS” Ethical funds. This will leverage our proven track record and significant expertise in this space.

Regulation

Regulation continues to evolve, with consumer duty at the forefront of this change. MPS remains perfectly positioned to respond to this by delivering low-cost and competitive investment solutions for the client, whilst supporting the IFA in meeting consumer duty obligations. As an MPS focused investment manager, consumer duty plays to our strengths in placing the adviser at the heart of the value chain and facilitating the delivery of improved client outcomes.

Distribution footprint

Tatton has made great strides over the years in expanding its distribution footprint. Initially, distribution was dependent on Paradigm members, who remain important and loyal supporters of the service. However, over time, we have developed our strategy by diversifying our distribution footprint beyond Paradigm, winning new firms but also through the addition of a number of new strategic partnerships such as those with Tenet Group and Fintel plc. This has significantly broadened our base and now accounts for a significant portion of new flows.

The combination of all these factors – market trends and growth in platforms; regulatory direction of travel; increased distribution footprint; and a clear and focused acquisition strategy – leaves the Group well placed to achieve the goals set out in our "Roadmap to Growth" strategy.

Paradigm

Paradigm has made good progress this year, following the consolidation of the Consulting and Mortgage operations under one "Paradigm" brand. The division has improved structurally through integration and cross skill working. Personnel are now better utilising their knowledge and experience to help the growth and development of the broader proposition. Our aim is to make Paradigm the number one choice for DAs seeking compliance and aggregation support, while at the same time, making our service attractive and compelling to Manufacturers (both lenders and providers) who seek the distributor with the greatest ability to deliver their propositions to key DA participants in the market.

This year has been very productive and we have continued to add new firms, with Paradigm Consulting firms increasing to 421 (2021: 407) and Paradigm Mortgage firms increasing to 1,674 (2021: 1,612). Additionally, Paradigm Mortgages participated in a record £13.15bn (2021: £11.34bn) of mortgage completions, a 16.0% increase on the previous year.

As the housing market continued to recover from the impact of COVID-19 in 2021, mortgage activity also improved. This demand was undoubtedly helped by the government stamp duty holiday/incentive, as well as the underlying general strength of the housing market continuing to improve. This has been driven by a number of factors, with strong house price inflation increasing the average size of mortgage coupled with the demand for new mortgages as consumers look to either move or improve as a response to the new work from home and flexible working trend, which appears to be a permanent shift in the way we work.

As a result, UK gross mortgage lending up to the end of 2021 increased to £316bn (excluding product transfers). We finished the year strongly and ultimately delivered £6.57bn in the second half the year in comparison to the £6.58bn in the first.

As we look forward, there are undoubted headwinds to the mortgage market, such as rising interest rates and the increased cost of living impacting affordability. As a result, the level of UK gross lending is forecast to be c.10% lower in 2022 at £281bn. We continue to concentrate on increasing our market share through growing the number and size of our intermediary firms who value the access and range of services we have to offer.

STRATEGIC GOALS AND PRIORITIES

As we look forward to FY23, our strategic emphasis will be to consolidate and build on the gains we have made to date and further develop the business to drive growth and long-term value creation. Specifically, we look to achieve the following:

- Continue with the strong organic growth of new net inflows, utilising our increasing range of firm distribution platforms: Paradigm, Tatton, Tenet and Fintel;
- Deliver the next phase of our three-year "Roadmap to Growth" strategy, taking us from £9.0bn in FY21 to £15.0bn by FY24. Building on the strong performance in FY22, where we delivered £1.65bn through organic growth and £0.65bn through acquisition, we need to add a minimum of £1.7bn in FY23 to remain on track;
- Launch our new range of "ETHOS" Ethical funds in 2022 in response to demand from the IFA community;
- Identify and execute on further acquisitions that contribute to the "Roadmap to Growth" strategy but also, importantly, fulfil our basic criteria of being complementary and earnings enhancing;
- Build on our recent success by delivering further strategic partnerships, joint ventures and collaborations with larger IFA firms delivering enhanced client outcomes; and
- Continue to grow the number of firms utilising Paradigm, specifically taking a greater share of the available mortgage broker and intermediary market, and growing the level of mortgage completions.

OUTLOOK AND SUMMARY

I am very pleased with the progress the Group has made this year. We have continued on the path of strong growth across all our key metrics of new net inflows, AUM, revenue, profits and improved margins. Tatton continues to go from strength to strength, as it builds on the strong organic net inflows, which have been further enhanced by the recent acquisitions. Paradigm is also well positioned to make further progress and support the Group's ambitions.

We continue to focus on and take a disciplined approach to executing our strategy and I am excited about the opportunities that exist for the Group. While we remain conscious that these are uncertain times, both from an economic and geo-political standpoint, we are well positioned to make further progress in the year ahead and better equipped than most to deal with any prevailing market headwinds.

CHIEF INVESTMENT OFFICER'S REPORT

Meeting capital markets' challenge

Tatton's investment and business model emerged very well from the "lockdown years" and has built on the adaptations and enhancements we made during that time. Flexible working practices – remote meetings and presentations – have become established, with a welcome return of face-to-face meetings when it matters. A real strength of Tatton's team is our ability to adapt quickly and intuitively adopt new ways of working with advisers to suit their business.

In a more dynamic and price-driven market, we have remained true to the key elements of our success, working hard to develop additions to our flagship MPS for Financial Advisers to offer their clients – making it easy and cost effective to do business with us and deliver strong investment outcomes. The operational resilience we demonstrated during the lockdown years has evolved into competitive advantage and resilience – we have enhanced our proposition and services to improve our business scalability and relevance to Financial Advisers by increasing access, adapting our products and embedding assets under management gained through acquisition.

PROPOSITION DEVELOPMENT

Tatton's pricing structure remains very competitive, and we continually work to remove barriers for advice firms to access our products. We operate on three additional investment platforms and remain platform agnostic – working seamlessly with advisers to fit into their business. Over the period, we made considerable additions to the Tatton adviser portal – our proprietary online client management system for advisers, which, at its heart, is a bridging application between platforms, advisers and clients' appointed discretionary investment manager – Tatton. It incorporates client management and reporting functions for advisers, making it straightforward for firms to do business with Tatton, and also directly embeds Tatton into the business operations of adviser firms, building operational resilience.

Maintaining scalability is a key driver of our business model and we remain focused as an MPS provider. We recognised that many advisers want the flexibility to develop their own branded offerings and we have responded by developing more White Label services, Appointed Investment Adviser ("AIA") relationships and also joint ventures. Tatton's role is to facilitate client access to sophisticated institutional-style Centralised Investment Propositions, with Tatton becoming an integral part of an adviser business and in turn making it more competitive.

Providing more investment choices for advisers has been demonstrated with the successful transfer of the Verbatim Portfolio Growth Funds to the Tatton stable of funds, enabling access to Tatton's portfolio investment management through multi-asset funds, alongside our discretionary portfolios. Many advisers want investment flexibility for their clients and Tatton should be able to help where discretionary portfolio investments are not suitable or accessible.

Additional choice for adviser firms creates more touch points with them, highly relevant with the expansion of our distribution networks. New relationships with Fintel/SimplyBiz and Sesame Bankhall are building on the success of our relationship with Tenet, enhancing our visibility within the day to day business of adviser firms that are yet to adopt an MPS solution for their clients. This is further evidenced by the steady growth of our Bespoke Portfolio Service ("BPS") that runs alongside our MPS, creating access to additional client assets.

Our Ethical ("ESG") portfolios (launched in 2014) have continued on the growth of the previous year, reflecting increased consumer interest in investing to make a difference and our experience in the sector. This provides a clear demonstration of our long-standing commitment to giving the clients of financial advisers genuine choice in how their discretionary assets are allocated.

Tatton's investment process has been tested during benign and volatile market environments, and we are proud of our portfolio performance over the period. Ensuring investors understand how global events impact or benefit their investments is vital, and we have continued to deliver benchmark-setting communications through video, webinar and the Tatton Weekly newsletter.

2021/2022 CAPITAL MARKETS AND RETURNS

The second year of managing global multi-asset investment portfolios under a pandemic proved almost as littered with opportunities for missteps as the first. While the first year rattled markets with the economic uncertainty of a deep recession created by the economic shutdowns, the second was characterised by uncertainty over the course and shape of the post-pandemic recovery – firstly, over how to wean off all-encompassing policy support and then recalibrate the supply and demand balance of goods while large amounts of surplus liquidity further clouded the usual post-recession recovery path.

In capital market terms, the 12 months spanning TAM's financial year turned into a period during which fast-changing concerns over the direction of bond market yields dominated and determined market action.
Q2 of 2021 started our financial year on a more equal footing for returns between the main asset classes of equities and bonds than had been the case in Q1. This was welcome after the start of 2021 had seen the first scare over the prospect of overheating economic conditions pushing up bond yields too rapidly for comfort, even before the post-pandemic rebound had even happened. Despite much talk and excitement over another "roaring twenties" decade, bond yields fell back again in Q2 as central banks repeatedly pledged to maintain an accommodative policy stance and look through rising inflation – viewed as only transitory until supply chains had established a firm basis again. Tatton's overweight to equities in portfolios with a specific short-term position in a global small cap tracker at the expense of US large caps paid off for investors as the cyclical recovery took hold.

Following the very rapid, and again unprecedented, rates of change – albeit this time of economic growth – the recovery slowed markedly over the summer, especially in the US and China. Yet, with corporate earnings still expanding even faster than anticipated on the back of impressive margin improvements, risk asset markets continued their rise as bond markets remained stable and still assured by soothing words from central bankers. On/off style rotation from Growth to Value and from US tech safe havens to the mid-cycle cyclical sectors of Europe and the UK characterised this period, during which our Value tilt in portfolios added value as did our UK large cap reorientation.

The relative bond market calm came to an end when China's excessive residential property market growth claimed its first large victim in property developer Evercore. Even though the spectre of a global financial crisis was quickly dispelled by the concerted action of the Chinese authorities, bond markets have since then again dominated market action – firstly, when central bankers changed their mind about their stance on inflation and turned decidedly hawkish, and then when Russia's invasion of Ukraine led to an extension of elevated energy prices, which put downward pressure on corporate earnings projections. The equity market correction in the first quarter of 2022 has been painful for investors, as most of the previous 12 months' gains were reversed. Towards the end of the first quarter, both equity and bond valuations recovered from the shock of the Ukraine war. This came despite an increase in the three major headwinds of a slowing Chinese economy (Asia), central banks' monetary tightening (US) and the cost of living pressures from elevated energy and food prices (Europe). As a result, asset valuation felt once again elevated and therefore vulnerable.

In a scenario of an as yet unresolved European armed conflict paired with monetary tightening, the transition to an expansive mid-cycle market environment is now much less certain and there is the possibility of yet another short-term economic downturn before the longer-term growth trend resumes.

OUTLOOK

Investor confidence for the remainder of the year depends not only on the outcome of the war in Ukraine and the strength of its ripples through the global economy, but also on the shape of the inflationary pressures it is experiencing and if transitory does indeed become systematic inflation. The impact of energy commodity price increases will decline in the summer but has the potential for greater consequence as the northern hemisphere approaches winter.

Tatton's strength is based around the ability of its team to understand and anticipate market developments. The scalability of our model is maintained through our operational efficiency, our flexibility and the strength of our team in implementing our strategy. We have emerged from the pandemic years as a bigger and better business, and despite the uncertainty of the new world order, very well positioned to deliver for the clients of financial advisers whatever economic environment develops through the remainder of 2022.

INVESTMENT PORTFOLIO RETURNS

1 April 2021 – 31 March 2022

Tatton investment returns (%) – core MPS product set (after discretionary fund management ("DFM") charge and fund costs)

	Tatton Managed	Tatton Tracker	Tatton Blended	Tatton Ethical	ARC PCI[1]
Defensive	0.0	0.1	0.0	(0.2)	1.8
Cautious	3.2	3.2	3.2	2.0	3.6
Balanced	5.5	5.4	5.4	3.9	3.6/5.1[2]
Active	8.1	7.4	7.8	6.0	5.1
Aggressive	10.2	10.0	10.1	7.9	5.6
Global Equity	10.6	10.4	10.5	8.5	5.6

Five years, 1 April 2017 – 31 March 2022

Tatton investment returns (%) – core MPS product set (annualised, after DFM charge and fund costs)

	Tatton Managed	Tatton Tracker	Tatton Blended	Tatton Ethical[3]	ARC PCI[1]
Defensive	2.6	2.6	2.6	–	2.6
Cautious	4.1	4.1	4.1	–	3.7
Balanced	5.1	5.0	5.1	6.6	3.7/5.0[2]
Active	6.4	6.1	6.2	–	5.0
Aggressive	7.4	7.2	7.3	–	6.1
Global Equity	10.2	10.0	10.1	–	6.1

1. ARC PCI – Asset Risk Consultants Private Client Indices ("PCI").
2. Balanced portfolios are measured against both ARC Balanced Asset PCI and ARC Steady Growth PCI as in risk terms, the Balanced portfolios lie in the middle of these Indices.
3. Only Tatton Ethical Balanced has existed for five years.

CHIEF FINANCIAL OFFICER'S REPORT

Resilience and long-term value creation

OVERVIEW

At the end of the 2021/2022 financial year, the Group reached the milestone of achieving a five-year track record as a publicly listed business. Over that period, the Group has delivered consistent and repeated growth across all the key performance metrics. Revenue has grown at a compound annual growth rate of 19.8%, with adjusted operating profit[1] growing even more strongly at a compound growth rate of 26.3%, as result of margins having increased over the same period by an absolute 11.5% to 49.5% for the Group as a whole. Over that period, Tatton, our asset management division, has become the dominant division. AUM has grown to £11.3bn, an annual compound rate of 23.9%. Investment-related income now accounts for 79.5% of the total Group revenue and 95.7% of the adjusted operating profit[1] and, as a consequence of existing market trends and a focused strategy, this dynamic is set to continue.

REVENUE AND PROFITS

Revenue – Group reported revenue increased by 25.7% to £29.4m (2021: £23.4m). Tatton revenue increased by 29.0% to £23.3m (2021: £18.1m). AUM increased by 26.2% to reach £11.3bn (2021: £9.0bn). This increase in AUM includes record net inflows of £1,277m, which reflects both the underlying market trends that are driving the adoption of MPS and our expanding distribution footprint. AUM was further improved by market returns which contributed a further 4.7% or £424m, with a further £650m added on the acquisition of the Verbatim range of funds in September 2021. Funds, or non-MPS, AUM now accounts for £1.2bn of AUM (2021: £0.5bn) as we continue to further expand our propositions beyond purely MPS.

Paradigm's revenue increased by 14.4% to £6.0m (2021: £5.2m). The number of mortgage member firms increased to 1,674 (2021: 1,612) and Paradigm Consulting member firms increased to 421 (2021: 407). In addition to the growth in firms, the growth in revenue this year has been delivered partly as a result of a soft comparator, as 2020/2021 had a difficult start to the financial year due to the impact of COVID-19; however, more pertinently, mortgage completions reached a record level of £13.15bn (2021: £11.34bn). The mix of mortgage products also improved, increasing the rate of commission, and there has been continued growth in other income streams such as protection premia.

Profit – The Group delivered adjusted operating profit[1] of £14.5m (2021: £11.4m), an increase of 27.4%. Adjusted operating profit margin[1] increased to 49.5% (2021: 48.8%). The prior year margin benefitted by c.2.5%, or approximately £0.6m, of travel and other costs which were either reduced or not incurred as a consequence of the pandemic. As restrictions were relaxed, activity increased and at least 50% of these costs were incurred again this year, and it is anticipated that there will be a return to normal historic activity and level of cost in the coming years.

As a response to the inflationary environment, the Group has implemented an average 5% annual salary increase, materially ahead of historical levels (excludes Executive Directors[2]). We have also experienced a more competitive marketplace for new recruits driving starting salaries upwards and both have been reflected in our plans this year. While personnel costs are c.60% of the Group total cost base, we do not anticipate that these increases will be margin dilutive.

Group operating profit was £11.6m (2021: £7.5m), which includes the cost impact of separately disclosed items of £2.9m (2021: £3.9m). Note 4 details the segmental information, showing Tatton's adjusted operating profit[1] increasing by 27.5% to £13.9m (2021: £10.9m) and its adjusted margin[1] was 59.6% (2021: 60.2%). Paradigm's adjusted operating profit[1] contributed £2.4m (2021: £2.0m), with adjusted margin[1] of 40.6% (2021: 38.7%).

ACQUISITIONS

During the year, the Group acquired the range of Verbatim funds, which added £650m of AUM. At the same time, we entered a five-year strategic distribution partnership with Fintel plc, significantly enhancing our reach and distribution. The consideration payable will be up to £5.8m, with £2.8m paid on completion and the remaining

£3.0m paid in three equal instalments over years two, three and four. The payment of the deferred consideration is dependent on the AUM remaining at or above £650m. On acquisition, the Group has recognised goodwill of £3.1m, intangible assets of £2.9m, an associated deferred tax liability of £0.7m and discounted contingent consideration of £2.5m, see note 21.

SEPARATELY DISCLOSED ITEMS

Separately disclosed items include the cost of share-based payments of £2.4m, amortisation of acquisition-related intangible assets of £0.3m and £0.2m of acquisition-related fees, see note 6. Although some of these items may recur from one period to the next, operating profit has been adjusted for these items to give better clarity of the underlying performance of the Group. The alternative performance measures ("APMs") are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

EARNINGS PER SHARE

Basic earnings per share increased to 15.92p (2021: 10.86p). Adjusted earnings per share[1] increased by 23.2% to 19.87p (2021: 16.14p) and adjusted fully diluted earnings per share[1] increased by 26.3% to 18.62p (2021: 14.74p), full details are shown in note 9.

STATEMENT OF FINANCIAL POSITION AND CASH

The consistent growth year on year continues to strengthen the Group's balance sheet. Net assets have increased 27.0% to £31.0m (2021: £24.4m) with cash on the balance sheet contributing £21.7m (2021: £16.9m). Given the capital-light nature of the Group's business model, Group net cash generated from operating activities before exceptional items was £15.5m (2021: £10.9m) or 106.6% of adjusted operating profit[1]. The Group has paid out £2.8m in relation to acquisitions and £6.6m in dividends during the year and, in addition, has received £1.3m from the issue of new shares following the exercise of employee share options.

DIVIDENDS

The Board is recommending a final dividend of 8.5p. When added to the interim dividend of 4.0p, this gives a full year dividend of 12.5p. This proposed dividend reflects both our cash performance in the period and our underlying confidence in our business, and maintains our policy of paying a dividend approximately 70% of the adjusted earnings and split on a one third/two third basis between the interim period and year end. If approved at the Annual General Meeting, the final dividend will be paid on 2 August 2022 to shareholders on the register on 24 June 2022. The ex-dividend date will be 23 June 2022.

RISK MANAGEMENT

Risk is managed closely and is spread across our businesses and managed to individual materiality. Our key risks have been referenced primarily on pages 30 and 31 of the 2022 Annual Report. We choose key performance indicators that reflect our strategic priorities of investment, growth and profit, and these are detailed on pages 26 and 27 of the 2022 Annual Report. The 2022 Annual Report is available at www.tattonassetmanagement.com.

CHANGES IN REGULATORY REQUIREMENTS

In January 2022, the Investment Firms Prudential Regime ("IFPR") came into effect and represents a significant change to risk management, prudential capital rules, and revised remuneration and governance standards for investment firms. IFPR applies to TIML, the only regulated entity within the Group, and also as a result of the requirement to look at the Group's consolidated position from a regulatory perspective, applies to the TAM Group.

As a result of these new rules, both TIML and the Group have reviewed their risk management processes, capital resource requirements and liquidity requirements, which has resulted in an increase of capital resources being required to be held on a consolidated basis. This has in turn reduced the amount of free cash available to the Group, as a larger amount of cash is required to be held to meet the Group's capital requirements. The Group's cash available for acquisitions is £8.2m out of total cash on the balance sheet of £21.7m. This would be reduced by any interim dividend declared in FY23. The impact of this is that, as the Group pursues its acquisition strategy, it is likely to be restricted in how these transactions are funded. Utilising cash to acquire intangible investment assets reduces the Group's capital resources available to apply to its capital requirements as defined by the FCA. The Group must ensure that it utilises cash as consideration for acquisitions only where it has appropriate capital headroom available. Above this headroom, alternative funding will be required, such as the issue of new shares. A reconciliation of free cash available for acquisitions is analysed in the table below.

	£m
Cash on the balance sheet	21.7
Cash required for:	
Deferred consideration	(2.5)
Working capital	(2.4)
Full year dividend of 8.5p	(5.0)
Capital requirement	(3.6)
Free cash available for acquisitions	8.2

The Strategic Report has been approved and authorised for issue by the Board of Directors and signed on their behalf on 14 June 2022 by:

PAUL EDWARDS
Chief Financial Officer

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

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**31-Mar 2022 (£'000)**	31-Mar 2021 (£'000)
Revenue		**29,356**	23,353
Administrative expenses		**(17,726)**	(15,845)
Operating profit		**11,630**	7,508
— Share-based payment costs	6	**2,399**	3,740
— Amortisation of acquisition-related intangibles	6	**266**	120
— Exceptional items	6	**231**	34
Adjusted operating profit (before separately disclosed items)[1]		**14,526**	11,402
Finance costs	7	**(355)**	(205)
Profit before tax		**11,275**	7,303
Taxation charge	8	**(2,033)**	(1,192)
Profit attributable to shareholders		**9,242**	6,111
Earnings per share – Basic	9	**15.92p**	10.86p
Earnings per share – Diluted	9	**15.17p**	10.31p
Adjusted earnings per share – Basic[2]	9	**19.87p**	16.14p
Adjusted earnings per share – Diluted[2]	9	**18.62p**	14.74p

1. Adjusted for exceptional items, amortisation on acquisition-related intangibles and share-based payments. See note 23.
2. Adjusted for exceptional items, amortisation on acquisition-related intangibles and share-based payments and the tax thereon. See note 23.

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	**31-Mar 2022 (£'000)**	31-Mar 2021 (£'000)
Non-current assets			
Goodwill	11	**9,337**	6,254
Intangible assets	12	**4,047**	1,436
Property, plant and equipment	13	**749**	992
Deferred tax assets	16	**841**	1,420
Total non-current assets		**14,974**	10,102
Current assets			
Trade and other receivables	14	**3,805**	4,302
Financial assets at fair value through profit or loss	17	**152**	163
Corporation tax		**706**	48
Cash and cash equivalents		**21,710**	16,934
Total current assets		**26,373**	21,447
Total assets		**41,347**	31,549
Current liabilities			
Trade and other payables	15	**(7,556)**	(6,587)
Total current liabilities		**(7,556)**	(6,587)
Non-current liabilities			
Other payables	15	**(2,747)**	(516)
Total non-current liabilities		**(2,747)**	(516)
Total liabilities		**(10,303)**	(7,103)
Net assets		**31,044**	24,446
Equity attributable to equity holders of the Company			
Share capital	18	**11,783**	11,578
Share premium account		**11,632**	11,534
Own shares	19	**–**	(1,969)
Other reserve		**2,041**	2,041
Merger reserve		**(28,968)**	(28,968)
Retained earnings		**34,556**	30,230
Total equity		**31,044**	24,446

The financial statements were approved by the Board of Directors on 14 June 2022 and were signed on its behalf by

PAUL EDWARDS
Director

Company registration number: 10634323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share Capital (£'000)	Share Premium (£'000)	Own Shares (£'000)	Other Reserve (£'000)	Merger Reserve (£'000)	Retained Earnings (£'000)	Total Equity (£'000)
At 1 April 2020		11,182	8,718	(996)	2,041	(28,968)	25,801	17,778
Profit and total comprehensive income		–	–	–	–	–	6,111	6,111
Dividends	9	–	–	–	–	–	(5,551)	(5,551)
Share-based payments		–	–	–	–	–	2,954	2,954
Deferred tax on share-based payments		–	–	–	–	–	915	915
Issue of share capital on exercise of employee share options		396	2,816	–	–	–	–	3,212
Own shares acquired in the year	19	–	–	(973)	–	–	–	(973)
At 31 March 2021		**11,578**	**11,534**	**(1,969)**	**2,041**	**(28,968)**	**30,230**	**24,446**
Profit and total comprehensive income		**–**	**–**	**–**	**–**	**–**	**9,242**	**9,242**
Dividends	9	**–**	**–**	**–**	**–**	**–**	**(6,641)**	**(6,641)**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**2,679**	**2,679**
Deferred tax on share-based payments		**–**	**–**	**–**	**–**	**–**	**157**	**157**
Current tax on share-based payments		**–**	**–**	**–**	**–**	**–**	**1,051**	**1,051**
Issue of share capital on exercise of employee share options		**205**	**98**	**–**	**–**	**–**	**–**	**303**
Own shares acquired in the year	19	**–**	**–**	**(193)**	**–**	**–**	**–**	**(193)**
Own shares utilised on exercise of options	19	**–**	**–**	**2,162**	**–**	**–**	**(2,162)**	**–**
At 31 March 2022		**11,783**	**11,632**	**–**	**2,041**	**(28,968)**	**34,556**	**31,044**

The other reserve and merger reserve were created on 19 June 2017 when the Group was formed, where the difference between the Company's capital and the acquired Group's capital was recognised as a component of equity being the merger reserve. Both the other reserve and the merger reserve are non-distributable.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**31-Mar 2022 (£'000)**	31-Mar 2021 (£'000)
Operating activities			
Profit for the year		**9,242**	6,111
Adjustments:			
Income tax expense		**2,033**	1,192
Finance costs	7	**355**	205
Depreciation of property, plant and equipment	13	**377**	351
Amortisation of intangible assets	12	**536**	341
Share-based payment expense	20	**1,492**	3,740
Changes in:			
Trade and other receivables		**309**	(537)
Trade and other payables		**907**	(531)
Exceptional items	6	**231**	34
Cash generated from operations before exceptional items		**15,482**	10,906
Cash generated from operations		**15,251**	10,872
Income tax paid		**(1,612)**	(2,051)
Net cash from operating activities		**13,639**	8,821
Investing activities			
Payment for the acquisition of a business combination, net of cash acquired		**(2,825)**	(160)
Purchase of intangible assets		**(211)**	(282)
Purchase of property, plant and equipment		**(74)**	(67)
Net cash used in investing activities		**(3,110)**	(509)
Financing activities			
Interest paid		**(144)**	(36)
Transaction costs related to borrowings		**–**	(613)
Dividends paid	9	**(6,641)**	(5,551)
Proceeds from the issue of shares		**111**	3,212
Purchase of own shares	19	**–**	(973)
Proceeds from the exercise of options		**1,230**	–
Repayment of lease liabilities		**(309)**	(174)
Net cash used in financing activities		**(5,753)**	(4,135)
Net increase in cash and cash equivalents		**4,776**	4,177
Cash and cash equivalents at beginning of period		**16,934**	12,757
Net cash and cash equivalents at end of period		**21,710**	16,934

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. The registered number is 10634323.

The Group comprises the Company and its subsidiaries. The Group’s principal activities are discretionary fund management, the provision of compliance and support services to independent financial advisers (“IFAs”), the provision of mortgage adviser support services, and the marketing and promotion of multi-manager funds. News updates, regulatory news and financial statements can be viewed and downloaded from the Group’s website, www.tattonassetmanagement.com. Copies can also be requested from: The Company Secretary, Tatton Asset Management plc, Paradigm House, Brooke Court, Lower Meadow Road, Wilmslow, SK9 3ND.

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

2 ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

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

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

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

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

2.2 GOING CONCERN

These financial statements have been prepared on a going concern basis. The Directors have prepared cash flow projections and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group’s forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2.3 BASIS OF CONSOLIDATION

The Group’s financial statements consolidate those of the Parent Company and all of its subsidiaries as at 31 March 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 March.

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

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

2.4 ADOPTION OF NEW AND REVISED STANDARDS

NEW AND AMENDED IFRS STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

There have been no revised standards and interpretations which have had a material impact on the financial statements of the Group.

STANDARDS IN ISSUE NOT YET EFFECTIVE

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

EFFECTIVE DATE 1 JANUARY 2023

IFRS 17 “Insurance Contracts”

In addition, the following standards each have amendments which will be effective for accounting periods beginning on or after 1 January 2022:

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

The Directors do not expect that the adoption of the new or revised Standards listed above will have a material impact on the financial statements of the Group in future periods.

2.5 REVENUE

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

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

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

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

2.7 INTEREST INCOME AND INTEREST EXPENSE
Finance income is recognised as interest accrued (using the effective interest method) on funds invested outside the Group. Finance expense includes the cost of borrowing from third parties and is recognised on an effective interest rate basis, resulting from the financial liability being recognised on an amortised cost basis.

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

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

2.9 GOODWILL AND INTANGIBLE ASSETS
Goodwill is initially recognised and measured as set out in note 2.11.

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

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

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

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

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

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

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

The Directors have reviewed the intangible assets as at 31 March 2022 and as a result of the review, it was determined that none of the assets are impaired (2021: none).

2.10 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

2.11 BUSINESS COMBINATIONS

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

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

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

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

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

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

2.12 LEASES

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

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

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

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

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero. Where the Group is an intermediate lessor in a sub-lease, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

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

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

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

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and bank balances, loans and borrowings, and trade and other payables.

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

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

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

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

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

INTEREST-BEARING BORROWINGS

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

2.15 TAXATION

CURRENT TAX

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

DEFERRED TAX

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

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

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

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

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

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

CURRENT AND DEFERRED TAX FOR THE YEAR

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

2.16 RETIREMENT BENEFIT COSTS

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

2.17 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.

2.18 EQUITY, RESERVES AND DIVIDEND PAYMENTS

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

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

2.19 EMPLOYEE BENEFIT TRUST

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

2.20 SHARE-BASED PAYMENTS

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

2.21 CLIMATE CHANGE

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

2.22 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.

2.23 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

GOODWILL, CLIENT RELATIONSHIP AND BRAND INTANGIBLES

ESTIMATION UNCERTAINTY

Impairment of goodwill and client relationship and brand intangibles

Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment testing, the recoverable amount of goodwill is determined using a discounted cash flow model, as detailed in note 11. The results of the calculation indicate that goodwill, client relationship and brand intangibles are not impaired.

BUSINESS COMBINATIONS

CRITICAL JUDGEMENT

Client relationship and brand intangibles purchased through corporate transactions

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

TREATMENT AND FAIR VALUE OF CONSIDERATION TRANSFERRED

CRITICAL JUDGEMENT AND ESTIMATION UNCERTAINTY

On 14 September 2021, the group acquired the Verbatim funds business ("Verbatim") and the group accounted for the transaction as a business combination. Business combinations and acquisitions require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the asset and liabilities is based, to a considerable extent, on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities, with any unallocated portion being recorded as goodwill. As described in note 21 to the financial statements, the purchase price payable for the acquisition is split into a number of different parts. The payment of certain elements has been deferred.

At 31 March 2022, there remained three elements of deferred consideration unvested and subject to ongoing vesting conditions. The value of earn-out consideration is variable, dependent on performance by the acquired business against certain operational targets at the second, third and fourth anniversaries of completion. The estimated discounted value of earn-out consideration that will be payable at these dates is £2,486,000, based on projections of the level of funds under management over that period.

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

SHARE-BASED PAYMENTS

ESTIMATION UNCERTAINTY

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

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

These estimates are reviewed regularly and the charge to the Statement of Total Comprehensive Income is adjusted accordingly (at the end of the relevant scheme as a minimum). Based on the current forecasts of the Group, the charge for the year is based on 100% of the options vesting for the element relating to non-market-based performance conditions. A decrease of 10% in the vesting assumptions would reduce the charge in the year by £129,000. In considering the level of satisfaction of performance obligations, the Group's forecast has been reviewed and updated for the expected impact of the various market scenarios and management actions. This forecast has been used to estimate the relevant vesting assumptions for the Enterprise Management Incentive ("EMI") schemes in place.

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

2.24 ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRSs. The Group believes that these APMs provide users with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets. The APMs used by the Group are set out in note 23 including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant. There is also further information on separately disclosed items in note 6.

3 CAPITAL MANAGEMENT

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

Regulatory capital is determined in accordance with the requirements of the FCA's Investment Firms Prudential Regime which became effective on 1 January 2022 and the Capital Requirements Directive IV prescribed in the UK by the FCA. The Directive requires continual assessment of the Group's risks which is underpinned by the Group's Internal capital adequacy and risk assessment ("ICARA"). The ICARA considers the relevant current and future risks to the business and the capital considered necessary to support these risks. The Group actively monitors its capital base to ensure it maintains sufficient and appropriate capital resources to cover the relevant risks to the business and to meet consolidated and individual regulated entity regulatory and liquidity requirements.
The FCA requires the Group to hold more regulatory capital resources than the total capital resource requirement. The total capital requirement for the Group is the higher of the Group's Own Funds Requirement, its Own Harm requirement and Wind-down requirement. The total capital requirement for the Group is £3.59 million (unaudited). As at 31 March 2022, the Group has regulatory capital resources of £7.6 million (unaudited), significantly in excess of the Group's total capital requirement. During the period, the Group and its regulated subsidiary entities complied with all regulatory capital requirements.

4 Segment Reporting

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

The Group's reportable segments under IFRS 8 are therefore Tatton, Paradigm, and "Central" which contains the Operating Group's central overhead costs. During the financial year, it was decided that centrally incurred overhead costs should be allocated to the Tatton and Paradigm divisions on an appropriate pro rata basis and this is how financial information is presented to the Group's CODM.

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

The principal activity of Paradigm is that of provision of support services to IFAs and mortgage advisers.
For management purposes, the Group uses the same measurement policies used in its financial statements.

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

Year ended 31 March 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 payments	**–**	**–**	**2,399**	**2,399**
Exceptional items	**231**	**–**	**–**	**231**
Amortisation of acquisition-related intangible assets	**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**

Year ended 31 March 2021	Tatton (£'000)	Paradigm (£'000)	Central (£'000)	Group (£'000)
Revenue	18,097	5,240	16	23,353
Administrative expenses	(7,132)	(3,212)	(5,501)	(15,845)
Operating profit/(loss)	10,965	2,028	(5,485)	7,508
Share-based payments	–	–	3,740	3,740
Exceptional items	(184)	–	218	34
Amortisation of acquisition-related intangible assets	120	–	–	120
Adjusted operating profit/(loss) (before separately disclosed items)[1]	10,901	2,028	(1,527)	11,402
Finance costs	(21)	(4)	(180)	(205)
Profit/(loss) before tax	10,944	2,024	(5,665)	7,303

All turnover arose in the United Kingdom.

1. Alternative performance measures are detailed in note 23.

5 OPERATING PROFIT

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

	31-Mar 2022	31-Mar 2021

	(£'000)	(£'000)
Amortisation of software	**270**	221
Depreciation of property, plant and equipment	**168**	175
Depreciation of right-of-use assets	**209**	176
Loss/(gain) arising on financial assets designated as FVTPL	**11**	(35)
Separately disclosed items (note 6)	**2,896**	3,894
Services provided by the Group's auditor:		
Audit of the statutory consolidated and Company financial statements of:		
Tatton Asset Management plc	**72**	69
Audit of subsidiaries	**70**	66
Other fees payable to auditor:		
Non-audit services	**21**	25

Total audit fees were £142,000 (2021: £135,000). Total non-audit fees payable to the auditor were £21,000 (2021: £25,000).

6 SEPARATELY DISCLOSED ITEMS

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Acquisition-related expenses	**231**	218
(Gain)/loss arising on changes in fair value of contingent consideration	**–**	(184)
Total exceptional costs	**231**	34
Share-based payment charges	**2,399**	3,740
Amortisation of acquisition-related intangible assets	**266**	120
Total separately disclosed items	**2,896**	3,894

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

EXCEPTIONAL ITEMS

During the period, the Group acquired £650 million of assets under management in the Verbatim funds and entered into a long-term strategic distribution partnership. The Group incurred professional fees of £231,000 during the process, which have been treated as exceptional items.

Acquisition-related expenses in the prior year relate to professional fees incurred as a result of the process whereby the Group pursued a potential acquisition of a business. The Group incurred professional fees of £218,000 during the process, which have been treated as exceptional items.

During the prior financial year, the Group revalued its financial liability at fair value through profit or loss relating to the deferred consideration on the acquisition of Sinfonia. This has resulted in a credit from the change in fair value of £184,000 being recognised in the prior year.

SHARE-BASED PAYMENTS

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

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

7 FINANCE COSTS

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Bank interest income	**–**	1
Interest expense on lease liabilities	**(23)**	(25)
Interest payable in servicing of banking facilities	**(332)**	(181)
	(355)	(205)

8 TAXATION

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Current tax expense		
Current tax on profits for the period	**2,010**	1,790
Adjustment for (over)/under-provision in prior periods	**(52)**	13
	1,958	1,803
Deferred tax expense		
Current year charge/(credit)	**261**	(563)
Origination and reversal of temporary differences	**–**	7
Adjustment in respect of previous years	**(30)**	(55)
Effect of changes in tax rates	**(156)**	–
Total tax expense	**2,033**	1,192

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

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Profit before taxation	**11,275**	7,303
Tax at UK corporation tax rate of 19% (2021: 19%)	**2,142**	1,388
Expenses not deductible for tax purposes	**45**	63
Income not taxable	**1**	(34)
Adjustments in respect of previous years	**(82)**	(42)
Effect of changes in tax rates	**(94)**	–
Capital allowances in excess of depreciation	**1**	6
Share-based payments	**20**	(189)
Total tax expense	**2,033**	1,192

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

9 EARNINGS PER SHARE AND DIVIDENDS

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

NUMBER OF SHARES

	31-Mar 2022	31-Mar 2021
Basic		
Weighted average number of shares in issue	**58,424,150**	56,835,807
Effect of own shares held by an EBT	**(373,774)**	(551,954)
	58,050,376	56,283,853
Diluted		
Effect of weighted average number of options outstanding for the year	**2,875,504**	2,966,507
Weighted average number of shares (diluted)[1]	**60,925,880**	59,250,360
Adjusted diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**1,042,011**	2,370,976
Adjusted diluted weighted average number of options and shares for the year[2]	**61,967,891**	61,621,336

1. The weighted average number of shares is diluted due to the effect of potentially dilutive contingent issuable shares from share option schemes.
2. The dilutive shares used for this measure differ from that used for statutory dilutive earnings per share; the future value of service costs attributable to employee share options is ignored and contingently issuable shares for long-term incentive plan options are assumed to fully vest. The Directors have selected this measure as it represents the underlying effective dilution by offsetting the impact to the calculation of basic shares of the purchase of shares by the EBT to satisfy options.

Own shares held by an EBT represents the Company's own shares purchased and held by the Employee Benefit Trust ("EBT"), shown at cost. In the year ended 31 March 2022, the EBT purchased 966,546 (2021: 361,746) of the Company's own shares. The shares held by the EBT were fully used during the year to satisfy the exercise of employee share options.

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Earnings attributable to ordinary shareholders		
Basic and diluted profit for the period	**9,242**	6,111
Share-based payments – IFRS 2 option charges	**2,399**	3,740
Amortisation of acquisition-related intangible assets	**266**	120
Exceptional costs – see note 6	**231**	34
Tax impact of adjustments	**(602)**	(923)
Adjusted basic and diluted profits for the period and attributable earnings	**11,536**	9,082
Earnings per share (pence) – Basic	**15.92**	10.86
Earnings per share (pence) – Diluted	**15.17**	10.31
Adjusted earnings per share (pence) – Basic	**19.87**	16.14
Adjusted earnings per share (pence) – Diluted	**18.62**	14.74

DIVIDENDS

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

During the year, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 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).

The Company's dividend policy is described in the Directors' Report on page 58 of the 2022 Annual Report. At 31 March 2022, the Company's distributable reserves were £32.8 million (2021: £28.6 million). The 2022 Annual Report is available at www.tattonassetmanagement.com.

10 STAFF COSTS

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

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Wages, salaries and bonuses	**5,676**	4,971
Social security costs	**671**	619
Pension costs	**250**	200
Termination benefits	**–**	54
Share-based payments	**956**	1,257
	7,553	7,101

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

	31-Mar 2022	31-Mar 2021
Administration	**86**	82
Key management	**3**	3
	89	85

KEY MANAGEMENT COMPENSATION

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

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Short-term employee benefits	**1,758**	1,730
Post-employment benefits	**4**	5
Other long-term benefits	**–**	4
Share-based payments	**1,460**	2,483
	3,222	4,222

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

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Total fees	**270**	160

The Group incurred social security costs of £277,000 (2021: £235,000) on the remuneration of the Directors and Non-Executive Directors.

The remuneration of the highest paid Director was:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)

Total	**644**	794

The highest paid Director exercised 553,078 (2021: nil) share options in the period. There were 25,000 (2021: 174,758) share options granted to the highest paid Director in the year.

11 GOODWILL

	Goodwill (£'000)
Cost and carrying value at 31 March 2021	6,254
Recognised as part of a business combination	3,083
Cost and carrying value at 31 March 2022	9,337

The carrying value of goodwill includes £9.0 million allocated to the Tatton operating segment and CGU. This is made up of £2.5 million arising from the acquisition in 2014 of an interest in Tatton Oak Limited by Tatton Capital Limited consisting of the future synergies and forecast profits of the Tatton Oak business, £2.0 million arising from the acquisition in 2017 of an interest in Tatton Capital Group Limited, £1.4 million of goodwill generated on the acquisition of Sinfonia and £3.1m of goodwill generated on the acquisition of the Verbatim funds. The carrying value of goodwill also includes £0.4 million allocated to the Paradigm operating segment and CGU relating to the acquisition of Paradigm Mortgage Services LLP.

None of the goodwill is expected to be deductible for income tax purposes.

IMPAIRMENT LOSS AND SUBSEQUENT REVERSAL

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

IMPAIRMENT TESTING

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

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs or group of units that are expected to benefit from that business combination. The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Directors have reviewed the carrying value of goodwill at 31 March 2022 and do not consider it to be impaired.

GROWTH RATES

The value in use is calculated from cash flow projections based on the Group's forecasts for the year ending 31 March 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. A terminal growth rate has been applied to year five cash flows.

DISCOUNT RATES

The pre-tax discount rate used to calculate value is 11.5% (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 and its industry.

The headroom compared to the carrying value of goodwill as at 31 March 2022 is £380 million (2021: £245 million). From the assessment performed, there are no reasonable sensitivities that result in the recoverable amount being equal to the carrying value of the goodwill attributed to the CGU.

12 INTANGIBLE ASSETS

	Computer Software (£'000)	Client Relationships (£'000)	Brand (£'000)	Total (£'000)
Cost				
Balance at 31 March 2020	537	1,196	–	1,733
Additions	282	–	–	282
Balance at 31 March 2021	819	1,196	–	2,015
Additions	211	–	–	211
Acquired as part of a business combination	–	2,838	98	2,936
Disposals	(24)	–	–	(24)
Balance at 31 March 2022	**1,006**	**4,034**	**98**	**5,138**
Accumulated amortisation and impairment				
Balance at 31 March 2020	(178)	(60)	–	(238)
Charge for the period	(221)	(120)	–	(341)
Balance at 31 March 2021	(399)	(180)	–	(579)
Charge for the period	(270)	(261)	(5)	(536)
Disposals	24	–	–	24
Balance at 31 March 2022	**(645)**	**(441)**	**(5)**	**(1,091)**
Net book value				
As at 31 March 2020	359	1,136	–	1,495
As at 31 March 2021	420	1,016	–	1,436
As at 31 March 2022	**361**	**3,593**	**93**	**4,047**

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

13 PROPERTY, PLANT AND EQUIPMENT

	Computer, office equipment and motor vehicles (£'000)	Fixtures and Fittings (£'000)	Right-of-use assets – buildings and motor vehicles (£'000)	Total (£'000)
Cost				
Balance at 31 March 2020	588	691	689	1,968
Additions	67	–	242	309
Disposals	(223)	(214)	–	(437)
Balance at 31 March 2021	432	477	931	1,840
Additions	74	–	60	134
Disposals	(161)	–	–	(161)
Balance at 31 March 2022	**345**	**477**	**991**	**1,813**
Accumulated depreciation and impairment				
Balance at 31 March 2020	(470)	(326)	(138)	(934)
Charge for the period	(80)	(95)	(176)	(351)
Disposals	223	214	–	437
Balance at 31 March 2021	(327)	(207)	(314)	(848)
Charge for the period	(73)	(95)	(209)	(377)

Disposals	161	–	–	161
Balance at 31 March 2022	**(239)**	**(302)**	**(523)**	**(1,064)**
Net book value				
As at 31 March 2020	118	365	551	1,034
As at 31 March 2021	105	270	617	992
As at 31 March 2022	**106**	**175**	**468**	**749**

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

The Group leases buildings, motor vehicles and IT equipment. The Group has applied the practical expedient for low value assets and so has not recognised IT equipment within ROU assets. The average lease term is five years. No leases have expired in the current financial period.

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

RIGHT-OF-USE ASSETS

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Amounts recognised in profit and loss		
Depreciation on right-of-use assets	**(209)**	(176)
Interest expense on lease liabilities	**(23)**	(25)
Expense relating to short-term leases	**(30)**	(44)
Expense relating to low value assets	**–**	(1)
	(262)	(246)

At 31 March 2022, the Group is committed to £62,000 for short-term leases (2021: £nil).

The total cash outflow for leases amounts to £339,000 (2021: £220,000).

14 TRADE AND OTHER RECEIVABLES

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Trade receivables	**329**	172
Amounts due from related parties	**–**	29
Prepayments and accrued income	**3,442**	3,060
Other receivables	**34**	1,041
	3,805	4,302

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. At 31 March 2022, the Group holds provisions with a carrying value of £1,311,000 (2021: £1,311,000) against the recoverability of amounts due from Jargonfree Benefits LLP.

Trade receivable amounts are all held in sterling.

15 TRADE AND OTHER PAYABLES

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Trade payables	**855**	294
Amounts due to related parties	**235**	236
Accruals	**3,468**	3,330
Deferred income	**98**	132
Contingent consideration	**2,486**	–
Other payables	**3,161**	3,111
	10,303	7,103
Less non-current portion:		
Contingent consideration	**(2,486)**	–
Other payables	**(261)**	(516)
Total non-current trade and other payables	**(2,747)**	(516)
Total current trade and other payables	**7,556**	6,587

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.

16 DEFERRED TAXATION

	Deferred capital Allowances (£'000)	Share-based Payments (£'000)	Acquisition Intangibles (£'000)	Total (£'000)
(Liability)/asset at 31 March 2020	(126)	236	(216)	(106)
Income statement credit	25	563	23	611
Equity credit	–	915	–	915
Asset/(liability) at 31 March 2021	(101)	1,714	(193)	1,420
Recognition as part of a business combination	–	–	(708)	(708)
Income statement (charge)/credit	38	(70)	5	(27)
Equity credit	–	156	–	156
Asset/(liability) at 31 March 2022	**(63)**	**1,800**	**(896)**	**841**

17 FINANCIAL INSTRUMENTS

The Group's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the Group's requirements. The Group uses financial instruments comprising borrowings, cash and items such as trade receivables and payables that arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risks, credit risks and liquidity risks. The Board reviews policies for managing each of these risks and they are summarised below.

The Group finances its operations through a combination of cash resource and other borrowings.

FAIR VALUE ESTIMATION

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

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (LEVEL 1)

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Financial investments in regulated funds or model portfolios	**152**	163

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (LEVEL 3)

Contingent consideration	£'000
Balance at 1 April 2021	–
Recognition of contingent consideration as part of a business combination	2,486
Balance at 31 March 2022	2,486

INTEREST RATE RISK

The Group finances its operations through a combination of retained profits and a bank facility which currently remains undrawn. The Group would have an exposure to interest rate risk should this facility be drawn as it has a floating rate above the base rate. The Group's cash and cash equivalents balance of £21,710,000 was its only financial instrument subject to variable interest rate risk. The impact of a 0.1% increase or decrease in interest rate on the post-tax profit is not material to the Group. At 31 March 2022, total borrowings were £nil (2021: £nil).

CREDIT RISK

Credit risk is the risk that a counterparty will cause a financial loss to the Group by failing to discharge its obligation to the Group. The financial instruments are considered to have a low credit risk due to the mitigating procedures in place. The Group manages its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty, and employs strict minimum creditworthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

Classes of financial assets – carrying amounts:	**31-Mar 2022 (£'000)**	31-Mar 2021 (£'000)
Cash and cash equivalents	**21,710**	16,934
Trade and other receivables	**3,016**	3,808
	24,726	20,742

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with credit worthy counterparties.

The Group's management consider that all of the above financial assets that are not impaired or past due for each of the 31 March reporting dates under review are of good credit quality.

At 31 March, the Group had certain trade receivables that had not been settled by the contractual date but were not considered to be impaired. The amounts at 31 March, analysed by the length of time past due, are:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Not more than 3 months	**267**	147
More than 3 months but not more than 6 months	**5**	16
More than 6 months but not more than 1 year	**27**	5
More than 1 year	**5**	4
Total	**304**	172

Trade receivables consist of a large number of customers within the UK. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good. The Group has rebutted the presumption in paragraph 5.5.11 of IFRS 9 that credit risk increases significantly when contractual payments are more than 30 days past due.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

LIQUIDITY RISK

Liquidity risk is the risk that companies within the Group will encounter difficulty in meeting obligations associated with financial liabilities. To counter this risk, the Group operates with a high level of interest cover relative to its net asset value and no debt. In addition, it benefits from strong cash flow from its normal trading activities. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day to day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

The totals for each category of financial instruments, measured in accordance with IFRS 9 and IFRS 7 as detailed in the accounting policies to this historical financial information, are as follows:

At 31 March 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		**Non-current**	
At 31 March 2022	**Within 6 Months (£'000)**	**6 to 12 Months (£'000)**	**1 to 5 Years (£'000)**	**Later than 5 years (£'000)**
Trade and other payables	**7,203**	**–**	**–**	**–**
Lease liabilities	**135**	**135**	**269**	**–**
Contingent consideration	**–**	**–**	**2,856**	**–**
Total	**7,338**	**135**	**3,125**	**–**

This compares with the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
At 31 March 2021	Within 6 months (£'000)	6 to 12 Months (£'000)	1 to 5 Years (£'000)	Later than 5 years (£'000)
Trade and other payables	6,228	–	–	–
Lease liabilities	113	114	516	–
Total	6,341	114	516	–

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

MARKET RISK

The Group has made investments in its own managed funds and portfolios and the value of these investments is subject to equity market risk, being the risk that changes in equity prices will affect the Group's income or the value of its holdings of financial instruments. If equity prices had been 5% higher/lower, the impact on the Group's Statement of Comprehensive Income would be £8,000 higher/lower due to changes in the fair value of financial assets at fair value through profit or loss.

18 EQUITY

	Number
Authorised, called-up and fully paid £0.20 ordinary shares	
At 1 April 2021	57,889,065
Issue of share capital on exercise of employee share options	1,025,822
At 31 March 2022	**58,914,887**

Each share in Tatton Asset Management plc carries one vote and the right to a dividend.

19 OWN SHARES

The following movements in own shares occurred during the year:

	Number of shares	£'000
At 1 April 2021	775,157	1,969
Acquired in the year	966,546	193
Utilised on exercise of employee share options	(1,741,703)	(2,162)
At 31 March 2022	**–**	**–**

Own shares represent the cost of the Company's own shares, either purchased in the market or issued by the Company, that are held by an EBT to satisfy future awards under the Group's share-based payment schemes (note 20). Following the exercise of employee share options during the year, there are no shares held in the EBT at 31 March 2022 (2021: 775,157).

20 SHARE-BASED PAYMENTS

During the year, a number of share-based payment schemes and share options schemes have been utilised by the Company, described under 20.1 Current schemes, below.

20.1 CURRENT SCHEMES

(I) TATTON ASSET MANAGEMENT PLC EMI SCHEME ("TAM EMI SCHEME")

On 7 July 2017, the Group launched an EMI share option scheme relating to shares in Tatton Asset Management plc to enable senior management to participate in the equity of the Company. 3,022,733 options with a weighted average exercise price of £1.89 were granted, exercisable in July 2020. There have been 650,933 options exercised during the period from this scheme.

The scheme was extended on 8 August 2018 with 1,720,138 zero cost options granted. This scheme vested in August 2021 and 1,090,770 options were exercised in the period. The scheme was extended again on 1 August 2019, 28 July 2020 and 15 July 2021 with 193,000, 1,000,000 and 279,858 zero cost options granted in each respective year. These options are exercisable on the third anniversary of the grant date. The options vest in August 2022, July 2023 or July 2024 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 2,726,026 options remains outstanding at 31 March 2022, 1,294,668 of which are currently exercisable. 30,000 options were forfeited in the period (2021: none).

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 2020	4,755,737	1.15
Granted during the period	1,000,000	–
Exercised during the period	(673,568)	1.70
Lapsed during the period	(696,099)	1.83
Outstanding at 31 March 2021	4,386,070	0.66
Exercisable at 31 March 2021	1,522,617	1.89
Outstanding at 1 April 2021	4,386,070	0.66
Granted during the period	279,858	–
Exercised during the period	(1,741,703)	0.71
Forfeited during the period	(30,000)	–
Lapsed during the period	(168,199)	–
Outstanding at 31 March 2022	**2,726,026**	**0.60**
Exercisable at 31 March 2022	**1,294,668**	**1.27**

(II) TATTON ASSET MANAGEMENT PLC SHARESAVE SCHEME ("TAM SHARESAVE SCHEME")

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

Over the life of the 2019 TAM Sharesave scheme, it is estimated that, based on current savings rates, 73,609 share options will be exercisable at an exercise price of £1.79. Over the life of 2020 TAM Sharesave scheme, it is estimated that, based on current savings rates, 115,797 share options will be exercisable at an exercise price of £2.29. Over the life of 2021 TAM Sharesave scheme, it is estimated that, based on current savings rates, 46,380 share options will be exercisable at an exercise price of £3.60. During the period, 59,276 options have been exercised and 5,924 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 20.2 and 20.3 below respectively.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2020	223,728	1.73
Granted during the period	70,894	2.08
Exercised during the period	(189,833)	1.70
Forfeited during the period	(2,940)	2.01
Outstanding at 31 March 2021	101,849	1.81
Exercisable at 31 March 2021	10,588	1.70
Outstanding at 1 April 2021	101,849	1.81
Granted during the period	77,868	2.28
Forfeited during the period	(5,924)	2.22
Exercised during the period	(59,276)	1.86
Outstanding at 31 March 2022	**114,517**	**2.14**

Exercisable at 31 March 2022	**–**	**–**

20.2 VALUATION ASSUMPTIONS

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

	EMI Scheme 2021	2020	2019	2018	**Sharesave Scheme 2021**	2020	2019	2018
Share price at grant (£)	**4.60**	2.84	2.12	2.40	**4.80**	2.85	2.14	2.34
Exercise price (£)	**–**	–	–	–	**3.60**	2.29	1.79	1.90
Expected volatility (%)	**33.76**	34.80	30.44	28.48	**33.76**	34.80	30.44	28.48
Expected life (years)	**3.00**	3.00	3.00	3.00	**3.00**	3.00	3.00	3.00
Risk free rate (%)	**0.24**	(0.06)	0.35	0.81	**0.12**	(0.06)	0.35	0.81
Expected dividend yield (%)	**2.39**	3.38	3.96	2.75	**2.39**	3.38	3.96	2.75

20.3 IFRS 2 SHARE-BASED OPTION COSTS

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
TAM EMI scheme	**2,347**	3,716
TAM Sharesave scheme	**52**	24
	2,399	3,740

The Consolidated Statement of Cash Flows shows an adjustment to Net cash from operating activities relating to share based payments of £1,492,000. This is a charge in the year of £2,399,000 adjusted for cash paid relating to national insurance contributions on the exercise of share options of £907,000.

21 BUSINESS COMBINATION

On 14 September 2021, the Group acquired the Verbatim funds and the acquisition has been treated as a business combination. The Verbatim funds include six multi-asset and four multi-index funds, along with model portfolios, and at acquisition included £650 million of AUM. The Verbatim funds were acquired in order to complement Tatton's existing fund range and give IFAs' clients further access to a range of investments balanced to reflect a particular risk profile.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed upon acquisition of Verbatim are set out in the table below:

	£'000
Identifiable intangible assets	2,936
Deferred tax liability	(708)
Total identifiable assets	2,228
Goodwill	3,083
Total consideration	**5,311**
Satisfied by:	
Cash	2,825
Contingent consideration arrangement	2,486
Total consideration transferred	**5,311**
Net cash outflow arising on acquisition	**2,825**

There were no financial assets or financial liabilities acquired with the business.

The fair value of Verbatim's client relationship intangible assets and brand have been measured using a multi-period excess earnings method or relief from royalty valuation methodology, as appropriate for each asset. The model uses estimates of client longevity and the level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the client relationships and brand acquired. The useful economic life of the client relationships and the brand has been determined to be ten years.

The goodwill of £3,083,000 arising from the acquisition consists of future synergies and future income expected to be generated from the funds. None of the goodwill is expected to be deductible for income tax purposes.

The contingent consideration arrangement requires the value of assets held in the funds to meet specific criteria agreed between the parties. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £3,000,000.

The fair value of the contingent consideration arrangement of £2,486,000 was estimated by calculating the expected future value of assets held in the Verbatim funds and discounted to net present value. The liability of £2,486,000 has been recognised in Other payables in the Consolidated Statement of Financial Position.

Acquisition-related costs (included in administrative expenses and separately disclosed in the Consolidated Statement of Total Comprehensive Income) amount to £231,000.

Verbatim contributed £1,158,000 to revenue and £927,000 to the Group's profit for the period between the date of acquisition and the reporting date.

22 RELATED PARTY TRANSACTIONS

ULTIMATE CONTROLLING PARTY

The Directors consider there to be no ultimate controlling party.

RELATIONSHIPS

The Group has trading relationships with the following entities in which Paul Hogarth, a Director, has a beneficial interest:

Entity	Nature of transactions
Paradigm Investment Management LLP	The Group incurs finance charges.
Suffolk Life Pensions Limited	The Group pays lease rental payments on an office building held in a pension fund by Paul Hogarth.

RELATED PARTY BALANCES

		2022		2021	
	Terms and conditions	**Value of income/ (cost) (£'000)**	**Balance receivable / (payable) (£'000)**	Value of income/(cost) (£'000)	Balance receivable/ (payable) (£'000)
Paradigm Investment Management LLP	Repayment on demand	**–**	**(235)**	(2)	(235)
Suffolk Life Pensions Limited	Payable in advance	**(60)**	**–**	(76)	(1)
Hermitage Holdings (Wilmslow) Limited	Repayment on demand	**(13)**	**–**	(18)	–

Balances with related parties are non-interest bearing.

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to key management personnel is as disclosed in note 10.

23 ALTERNATIVE PERFORMANCE MEASURES ("APMs")

APM	Closest equivalent measure	Reconciling items to their statutory measure	Definition and purpose
Adjusted operating profit before separately disclosed items	Operating profit	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 6.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.24.
Adjusted profit before tax before separately disclosed items	Profit before tax	Exceptional items, share-based payments and amortisation of acquisition-related intangibles. See note 6.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.24.
Adjusted earnings per share – Basic	Earnings per share – Basic	Exceptional items, share-based payments and amortisation of acquisition-related intangibles and the tax thereon. See note 9.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.24.
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 9.	An important measure where exceptional items distort the understanding of the operating performance of the business. Allows comparability between periods. See also note 2.24.
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 6.	Net cash generated from operations before exceptional costs. To show underlying cash performance. See also note 2.24.

OTHER MEASURES

APM	Closest equivalent measure	Reconciling items to their statutory measure	Definition and purpose
Tatton – assets under management (“AUM”) and net inflows	None	Not applicable	AUM is representative of the customer assets and is a measure of the value of the customer base. Movements in this base are an indication of performance in the year and growth of the business to generate revenues going forward. Net inflows measure the net of inflows and outflows of customers assets in the year.
Paradigm Consulting members and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Paradigm Mortgages lending, member firms and growth	None	Not applicable	Alternative growth measure to revenue, giving an operational view of growth.
Dividend cover	None	Not applicable	Dividend cover (being the ratio of the proposed final dividend against diluted earnings per share before exceptional items and share-based charges) demonstrates the Group’s ability to pay the proposed dividend.
Dividend yield	None	Not applicable	Dividend yield represents the percentage of the Company's share price at the financial year end paid out as dividends for the relevant financial year.
CAGR in AUM and CAGR in Tatton firm numbers	None	Not applicable	The Cumulative Annual Growth Rate in AUM and Tatton firm numbers since the Group listed on the AIM Stock exchange in July 2017.
Average annual net inflows	None	Not applicable	The average annual net inflows since the Group listed on the AIM stock exchange in July 2017.

24 POST BALANCE SHEET EVENTS

On 20 April 2022, TAM plc has entered into a sale and purchase agreement to purchase 50% of the issued share capital of 8AM Global Limited. This transaction has not yet completed as it remains subject to regulatory approval.

25 CAPITAL COMMITMENTS

At 31 March 2022, the Directors confirmed there were no capital commitments (2021: none) for capital improvements.

26 CONTINGENT LIABILITIES

At 31 March 2022, the Directors confirmed there were no contingent liabilities (2021: none).

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	**31-Mar 2022 (£'000)**	31-Mar 2021 (£'000)
Non-current assets			
Investments in subsidiaries	5	**77,216**	77,216
Property, plant and equipment		**11**	13
Total non-current assets		**77,227**	77,229
Current assets			
Trade and other receivables	11	**12,214**	9,397
Cash and cash equivalents	12	**10,204**	8,182
Total current assets		**22,418**	17,579
Total assets		**99,645**	94,808
Current liabilities			
Trade and other payables	13	**(2,461)**	(1,791)
Total current liabilities		**(2,461)**	(1,791)
Non-current liabilities			
Deferred tax liability	15	**(2)**	–
Total non-current liabilities		**(2)**	–
Total liabilities		**(2,463)**	(1,791)
Net assets		**97,182**	93,017
Equity attributable to equity holders of the Company			
Share capital	14	**11,783**	11,578
Share premium account		**11,632**	11,534
Own shares	10	**–**	(1,969)
Merger reserve		**67,316**	67,316
Retained earnings		**6,451**	4,558
Total equity		**97,182**	93,017

The Company generated a profit of £8,017,000 during the financial year (2021: profit of £1,017,000).

The financial statements were approved by the Board of Directors on 14 June 2022 and were signed on its behalf by:

PAUL EDWARDS
Director

Company registration number: 10634323

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital (£'000)	Share Premium (£'000)	Own Shares (£'000)	Merger Reserve (£'000)	Retained Earnings (£'000)	Total Equity (£'000)
At 1 April 2020	11,182	8,718	(996)	67,316	6,225	92,445
Profit and total comprehensive income	–	–	–	–	1,017	1,017
Dividends	–	–	–	–	(5,551)	(5,551)
Share-based payments	–	–	–	–	2,953	2,953
Deferred tax on share-based payments	–	–	–	–	(86)	(86)
Issue of share capital on exercise of employee share options	396	2,816	–	–	–	3,212
Own shares acquired in the year	–	–	(973)	–	–	(973)
At 31 March 2021	11,578	11,534	(1,969)	67,316	4,558	93,017
Profit and total comprehensive income	**–**	**–**	**–**	**–**	**8,017**	**8,017**
Dividends	**–**	**–**	**–**	**–**	**(6,641)**	**(6,641)**
Share-based payments	**–**	**–**	**–**	**–**	**2,679**	**2,679**
Deferred tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**
Issue of share capital on exercise of employee share options	**205**	**98**	**–**	**–**	**–**	**303**
Own shares acquired in the year	**–**	**–**	**(193)**	**–**	**–**	**(193)**
Own shares utilised on exercise of options	**–**	**–**	**2,162**	**–**	**(2,162)**	**–**
At 31 March 2022	**11,783**	**11,632**	**–**	**67,316**	**6,451**	**97,182**

The merger reserve was created on 19 June 2017 when the Group was formed, where the difference between the Company's capital and the acquired Group's capital has been recognised as a component of equity being the merger reserve. The merger reserve is non-distributable.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Tatton Asset Management plc for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 14 June 2022. Tatton Asset Management plc is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards. The Company's financial statements are presented in sterling.

These financial statements have been prepared on a going concern basis and on the historical cost basis. The principal accounting policies adopted by the Company are set out in note 2.

2 ACCOUNTING POLICIES

2.1 ACCOUNTING POLICIES

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
1) Paragraph 79(a)(IV) of IAS 1;
2) Paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
b) the requirements of paragraphs 10(d), and 134–136 of IAS 1 "Presentation of Financial Statements" and the requirements of IAS 7 "Statement of Cash Flows";
c) the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
d) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures";
e) the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
f) the disclosure requirements of IFRS 7 "Financial Instruments: Disclosures".

2.2 INVESTMENTS

All investments are initially recorded at cost, being the fair value of consideration given including the acquisition costs associated with the investment. Subsequently, they are reviewed for impairment on an individual basis if events or changes in circumstances indicate the carrying value may not be fully recoverable.

2.3 FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

2.4 TRADE AND OTHER RECEIVABLES

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

2.5 TRADE AND OTHER PAYABLES

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

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise long-and short-term deposits held with banks by the Company, and are subject to insignificant risk of changes in value.

2.7 SHARE-BASED PAYMENTS

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

2.8 INTEREST INCOME AND INTEREST EXPENSE

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

2.9 TAXATION

CURRENT TAX

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

DEFERRED TAX

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

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

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

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

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

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

CURRENT AND DEFERRED TAX FOR THE YEAR

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

2.10 DIVIDENDS

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

2.11 RETIREMENT BENEFIT COSTS

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

3 OPERATING PROFIT

The following items have been included in arriving at the operating profit for continuing operations:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Share-based payment charges (note 9)	**2,399**	3,740

Share-based payment charges relate to the provision made in accordance with IFRS 2 "Share-based Payment" following the issue of share options to employees.

4 SERVICES PROVIDED BY THE COMPANY'S AUDITOR

During the period, the Company obtained the following services provided by the Company's auditor at the costs detailed below:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Audit of the statutory financial statements of TAM plc	**72**	69
Services provided by the Company's auditor:		
Non-audit services	**13**	18

5 INVESTMENTS

	£'000
Cost and net book value at 1 April 2020, 31 March 2021 and 31 March 2022	77,216

The principal investments comprise shares at cost in the following companies:

Name of subsidiary	Country of incorporation	Holding	Direct/Indirect
Nadal Newco Limited	United Kingdom	100%	Direct
Paradigm Partners Limited	United Kingdom	100%	Indirect
Paradigm Mortgage Services LLP	United Kingdom	100%	Indirect
Tatton Capital Group Limited*	United Kingdom	100%	Indirect
Tatton Capital Limited	United Kingdom	100%	Indirect
Tatton Investment Management Limited	United Kingdom	100%	Indirect
Tatton Oak Limited*	United Kingdom	100%	Indirect
Tatton Crown Investments Limited*	United Kingdom	100%	Indirect
Sinfonia Asset Management Limited*	United Kingdom	100%	Indirect

* Indicates that this subsidiary is entitled to exemption from audit under section 479A of the Companies Act 2006 for the year ending 31 March 2022.

All entities above are included within the consolidated financial statements for TAM plc and all have the same registered address as the Company.

6 DIRECTORS AND EMPLOYEES

The average number of persons employed by the Company (including Directors) during each year was as follows:

	31-Mar 2022 Number	31-Mar 2021 Number
Administration	**13**	11

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Wages, salaries and bonuses	**1,708**	1,521
Social security costs	**228**	188
Pension costs	**19**	10
Share-based payment charges	**2,399**	3,740
	4,354	5,459

The remuneration of the highest paid Director was:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Total	**644**	794

7 ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

8 DIVIDEND PAID AND PROPOSED

During the year, 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).

In addition, the Directors are proposing a final dividend in respect of the financial year ended 31 March 2022 of 8.5p (2021: 7.5p) per share which will absorb an estimated £5.0 million (2021: £4.3 million) of shareholders' funds. It will be paid on 2 August 2022 to shareholders who are on the register of members on 24 June 2022.

9 SHARE-BASED PAYMENTS

Details of share-based payments are shown in note 20 to the consolidated financial statements.

10 OWN SHARES

Details of own shares are shown in note 19 to the consolidated financial statements.

11 TRADE AND OTHER RECEIVABLES

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Amounts due from related parties	**11,420**	8,821
Prepayments and accrued income	**690**	553
Other debtors	**104**	23
	12,214	9,397

All trade receivable amounts are short term. All of the Company's trade and other receivables have been reviewed for indicators of impairment and, where necessary, a provision for impairment made. The carrying value is considered a fair approximation of their fair value. At 31 March 2021, Tatton Asset Management plc made full provision of £60,000 against the recoverability of amounts due from a related party, Jargonfree Benefits LLP. There has been no other provision made for impairment of receivable balances (2021: £nil).

Trade receivable amounts are all held in sterling.

12 CASH AND CASH EQUIVALENTS

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Cash at bank	**10,204**	8,182

13 TRADE AND OTHER PAYABLES

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Trade payables	**505**	55
Amounts due to related parties	**122**	110
Accruals	**1,834**	1,626
	2,461	1,791

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.

14 EQUITY

	Number
Authorised, called-up and fully paid £0.20 ordinary shares	
At 1 April 2021	57,889,065
Issue of share capital on exercise of employee share options	1,025,822
At 31 March 2022	58,914,887

Each share in Tatton Asset Management plc carries one vote and the right to a dividend.

15 DEFERRED TAXATION

	Deferred capital Allowances (£'000)	**Share-based Payments (£'000)**	**Total (£'000)**
Asset at 31 March 2020	–	235	235
Income statement charge	–	(149)	(149)
Equity charge	–	(86)	(86)
Asset at 31 March 2021	–	**–**	**–**
Income statement charge	**(2)**	**–**	**(2)**
Liability at 31 March 2022	**(2)**	**–**	**(2)**

16 CONTINGENT LIABILITIES

At 31 March 2022, the Directors confirmed there were no contingent liabilities (2021: none).

17 CAPITAL COMMITMENTS

At 31 March 2022, the Directors confirmed there were no capital commitments (2021: none) for capital improvements.

18 OPERATING LEASE COMMITMENTS

The Company as lessee had minimum lease payments under non-cancellable operating leases as set out below:

	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)
Not later than one year	**60**	60
Later than one year not later than five years	**101**	161
Later than five years	**–**	–
	161	221

21 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(K) of FRS 101 not to disclose transactions with entities that are wholly owned subsidiaries of TAM plc. There are no other related party transactions other than those that have been disclosed in note 22 to the consolidated financial statements.

21.1 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other than the Directors and Officers of the Group (see note 22 to the consolidated financial statements), no other key management personnel have been identified.

22 EVENTS AFTER THE REPORTING PERIOD

On 20 April 2022, TAM plc has entered into a sale and purchase agreement to purchase 50% of the issued share capital of 8AM Global Limited. This transaction has not yet completed as it remains subject to regulatory approval.