Building partnerships, driving growth

ANNUAL REPORT AND ACCOUNTS | 2024

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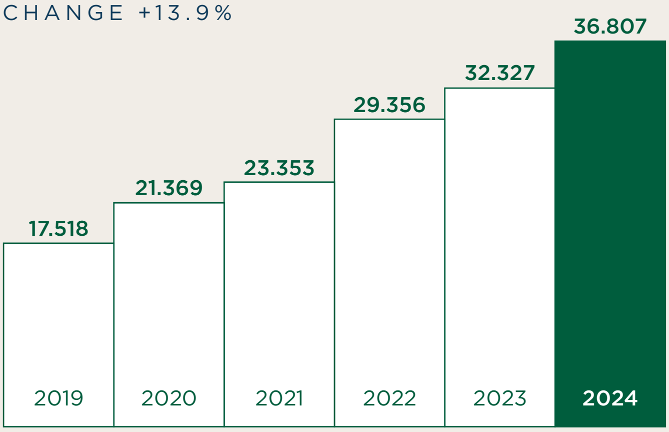
BUILDING PARTNERSHIPS DRIVING GROWTH

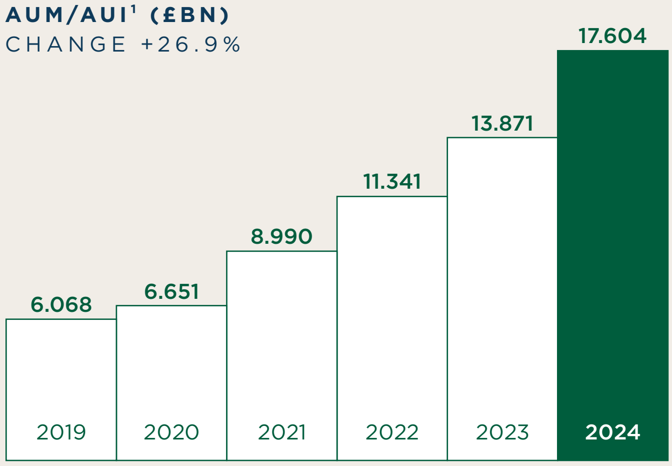
Tatton Asset Management plc has delivered another year of record net inflows, with our highest-yet levels of AUM, which has in turn driven another year of strong revenue and profit. As we look forward, we are excited by the future opportunities that we have as a business, and about delivering the next phase of our growth and vision for the future.

Highlights

GROUP REVENUE (£M)
CHANGE +13.9%



AUM/AUI[1] (£BN)
CHANGE +26.9%



FINANCIAL

- Group revenue increased by 13.9% to £36.807m (2023: £32.327m)
- Adjusted operating profit[1] up 12.9% to £18.514m (2023: £16.402m). Operating profit reduced slightly to £16.464m (2023: £16.610m)
- Adjusted operating profit[1] margin broadly in line with prior year at 50.3% (2023: 50.7%)
- Profit before tax increased to £16.751m (2023: £15.996m)
- Adjusted fully diluted earnings per share ("EPS")[1] increased to 22.91p (2023: 20.61p) and adjusted diluted EPS increased to 23.32p (2023: 21.01p) while basic EPS fell to 21.39p (2023: 22.43.p)
- Final dividend of 8.0p (2023: 10.0p), with the full year dividend being 16.0p, an increase of 10.3% (2023: 14.5p)
- Strong financial liquidity position, with cash of £24.8m (2023: £26.5m)
- Strong balance sheet, an increase in net assets to £43.334m (2023: £41.781m)

Read more on pages 26 and 27

OPERATIONAL

- Tatton's discretionary assets under management ("AUM") increased by 30.0% to £16.551bn (2023: £12.735bn)
- The Group's 50% ownership of 8AM Global Limited ("8AM" or "8AM Global") adds assets under influence ("AUI") of £1.053bn, resulting in AUM/AUI[1] totalling £17.604bn
- Record organic net inflows of £2.303bn (2023: £1.794bn) or 18.1% of opening AUM, an average of £192m per month
- The Group exceeded its three-year 'Roadmap to Growth' strategy, which set an ambitious target of £15.0bn AUM/AUI[1] by 31 March 2024, achieving an additional £2.6bn or 17.4%
- Tatton Investment Management increased its independent financial adviser ("IFA") firms by 12.2% to 975 (2023: 869) and number of client accounts by 17.9% to 126,150
- Paradigm Mortgages grew market share, participating in mortgage completions totalling £13.1 billion (2023: £14.5 billion), a 9.7% reduction year on year, which compares to a 29% year-on-year fall in the gross mortgage market
- Mortgage member firms increased by 9.4% in the year to 1,916 (2023: 1,751), while Consulting member firms were 424 at the end of the year (2023: 431)

Read more on pages 6 to 9

ADJUSTED OPERATING PROFIT[1]

£18.514m

2023 £16.402m +12.9%

OPERATING PROFIT

£16.464m

2023 £16.610m -0.9%

ADJUSTED FULLY DILUTED EPS[1]

22.91p

2023 20.61p +11.2%

DILUTED EPS

21.02p

2023 21.70p -3.1%

1. Alternative performance measures are detailed in note 27.

At a glance

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

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

OUR PURPOSE

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

OUR VISION

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

OUR VALUES

Individually:

- Act with integrity
- Be transparent, honest and open
- Act without pretence
- Be straightforward, adaptable and consistent

Collectively:

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

- The accumulation of the right level of skills, knowledge and experience across the organisation
- The management, identification and regular review of the risks impacting TAM plc
- Developing a culture that fosters a collaborative approach to continually improve

In summary – we strive to be knowledgeable, to be conscious of risk, and to continually improve

TATTON ASSET MANAGEMENT

INVESTMENT MANAGEMENT DIVISION

975
firms

126,150
private client accounts

£17.604bn
AUM/AUI [1]

45
risk-rated portfolios

Platform agnostic – available on
>20
platforms

IFA SUPPORT SERVICE DIVISION

PARADIGM MORTGAGES & PARADIGM CONSULTING

1,916
mortgage member firms

£13.12bn
mortgage completions

424
consulting member firms

+5,000
technical helpdesk enquiries and file review checks per year

1. Alternative performance measures are detailed in note 27.

Investment case

A BEST-IN-CLASS DIFFERENTIATED PROPOSITION:

Tatton is the UK's largest MPS provider, leading the market with its on-platform DFM service that is exclusively available to clients of IFAs. Its best-in-class proposition, based on three key pillars of price, service and range, set it apart in the market. We are pleased to have received regular feedback from our IFAs regarding the added-value customer service we provide. This, along with our competitive pricing, 10-year track record of performance, and a wide range of investment options, supported by the Tatton portal, enhance the attractiveness of our proposition to IFAs and their clients seeking comprehensive wealth management solutions.

+10-year
investment track record

15bps
annual management charge ("AMC") (DFM MPS)

45
risk-rated portfolios across 20 platforms

STRONG FINANCIAL FUNDAMENTALS:

The Group has a strong balance sheet with net assets of £43.3m. It is also highly cash-generative, with over 90% of operating profit being converted to operating cash, ending the year with £24.8m of cash on the balance sheet. The Group's business model of high levels of recurring revenue (89.2%) and operational gearing continues to deliver strong adjusted operating profit[1] margins over 50%, with adjusted fully diluted EPS[1] of 22.91p (2023: 20.61p) and adjusted diluted EPS of 23.32p (2023: 21.01p).

£36.8m
Revenue (2023: £32.3m)

£24.8m
Cash on the balance sheet (2023: £26.5m)

STRATEGIC ACQUISITIONS & PARTNERSHIPS TO ACCELERATE GROWTH:

Tatton's strategy is to accelerate growth through acquisitions and strategic partnerships. By acquiring complementary businesses or expanding into new markets, Tatton can enhance its product offerings, broaden its client base, and drive long-term value creation for shareholders.

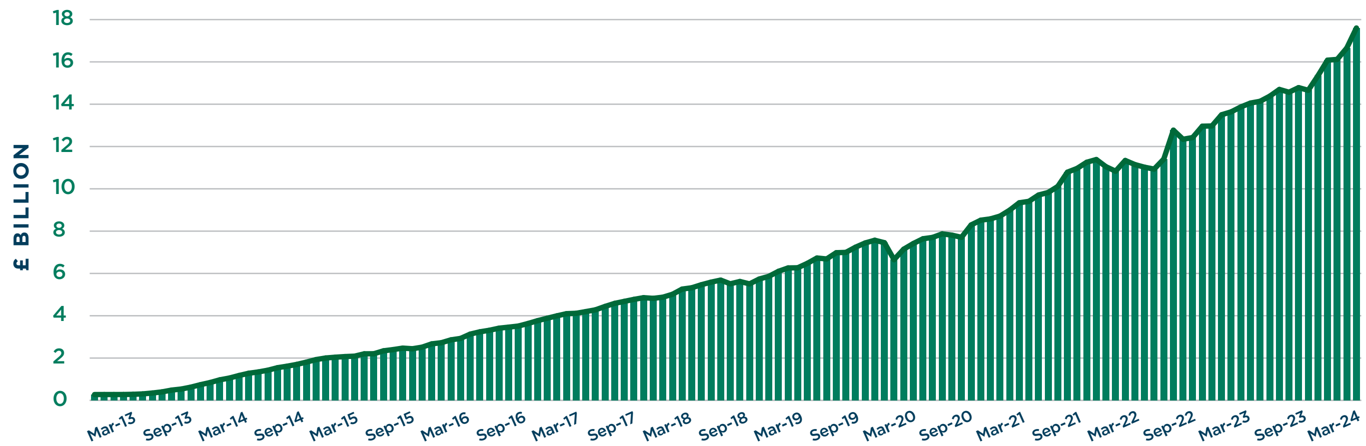
£1.053bn
8AM Global AUI[1]

EXPANDING MARKET OPPORTUNITY IN MODEL PORTFOLIO SERVICES ("MPS"):

Tatton is well-positioned to capitalise on the underlying growth of the MPS market. With changing regulations such as Consumer Duty, more clients are being influenced to adopt MPS solutions. This presents a significant growth opportunity for Tatton in competing for assets that are already invested, whilst IFAs benefit by retaining complete control of those relationships. The current size of the on-platform DFM FUM market is currently £139.4bn[2].

£139.4bn
On-platform DFM FUM[2]

TATTON AUM/AUI[1] IN £ BILLION



1. Alternative performance measures are detailed in note 27.
2. Source: Platforum, UK Wealth Management, Platform MPS, May 2024.

Chairman's Report

TEAMWORK AND TALENT DELIVERS RESULTS

Over the twelve-month period ended 31 March 2024 – a year that delivered little to improve the challenging political and economic circumstances of previous reporting periods, both globally and domestically – I am pleased to be able to report, once again, a satisfying outcome for Tatton Asset Management plc ("TAM", the "Group" or the "Company") with our highest-yet levels of assets under management ("AUM"), revenue and profit before tax, enabling us to announce another year of increased dividends.

The year under review saw the successful culmination of the Group's three-year "Roadmap to Growth" strategy announced in 2021, targeting an increase in AUM from £9 billion to £15 billion through a combination of organic growth and strategic acquisitions. At 31 March 2024, our AUM/AUI[1] of £17.6 billion materially exceeded this objective, with £1.65 billion of the additional £8.6 billion derived from strategic acquisitions, and the balance derived through a combination of organic growth and increased investment values.

Following this significant achievement, the Group has targeted a further rise in AUM for the five-year period ending March 2029, rising from £17.6 billion to £30 billion. Details of this development are set out in the Strategic Report on pages 16 and 17. In planning for a successful outcome for this new challenge we will build on our already extensive relationships within the Independent Financial Adviser ("IFA") community. The combination of our long term investment track record, our cutting-edge customer service reputation, and our effective investment communications, provide leading support for the products and services that we offer IFAs helping them better advise and support their own clients. A relentless focus on this single route to market has been the platform for the growth that is outlined in this report, and we are committed to optimising this approach over the next several years.

Paradigm, our IFA consultancy business, has continued to perform in line with expectations, delivering expert regulatory consulting to the IFA community, and remains well-positioned to continue to do so. This year has been a more challenging period for the Mortgage division. We participated in mortgage completions totalling £13.1 billion (2023: £14.5 billion), a 9.7% reduction year on year; however this was in line with our expectations and compares well to the UK gross mortgage market where gross advances (mortgage lending) declined by 29% over the same period. We continue to expand our distribution footprint and are well-placed to take advantage of opportunities as the market recovers.

FINANCIAL HIGHLIGHTS

Group revenue increased by 13.9% to £36.8m (2023: £32.3m), while adjusted operating profit[1] rose by 12.9% to £18.5m (2023: £16.4m). The Group's operating profit fell slightly to £16.5m (2023: £16.6m), while profit before tax improved to £16.8m (2023: £16.0m). Profit after tax fell by 3.4% to £12.9m (2023: £13.4m), largely due to the increase in the corporation tax rate from 19% to 25%. The impact of the above changes on fully diluted adjusted earnings per share ("EPS") was an increase of 11.2% to 22.9p (2023: 20.6p), with diluted adjusted EPS increasing to 23.32p (2023: 21.01p), while basic EPS fell to 21.4p (2023: 22.4p), mostly due to the larger gain on the release of contingent consideration in the prior year, along with the increase in the corporation tax rate this year.

OUR PEOPLE

The staff at TAM remain the most important factor in the Group's success. Their commitment and capability are the driving force behind the achievements detailed in this annual report and accounts, and their collective determination to flourish, on a personal as well as corporate level, forms a foundation that supports the confidence that runs through the entirety of this report. On behalf of the Board, I would like to thank every member of staff for their contribution over a gratifying year.

We remain committed to fostering a culture of inclusion, collaboration, and professional development, one in which our employees are empowered to take ownership of their work and are provided with opportunities for professional growth and advancement. We are proud of the diverse and talented team that we have built, and we are committed to investing in their continued success in order to drive the success of the organisation over the longer term.

ROLE OF THE BOARD AND ITS EFFECTIVENESS

The Board of Directors plays a crucial role in governance and strategic direction and is responsible for overseeing the management of the Group, setting its strategic direction, and ensuring that TAM operates in the best interests of its shareholders and other stakeholders. My primary role as Chairman is to provide leadership to the Board and to provide the right environment to enable each of the Directors, and the Board as a whole, to perform effectively, provide sound guidance and oversight, make informed decisions and ensure that the company operates with integrity and transparency. It is my view that the Board has an appropriate balance of skills with which to carry out its duties and that it is highly effective, with a thorough understanding of the opportunities and threats facing the Group.

UK CORPORATE GOVERNANCE

Tatton Asset Management plc is committed to maintaining high standards of corporate governance. The Board of Directors recognises the importance of good governance in the management of the Group and in the protection of shareholder interests. The Group adheres to the principles of the QCA Corporate Governance Code (the "QCA Code") and continuously reviews its governance practices to ensure that they meet the evolving needs of the business and its stakeholders. Details of how we have applied the principles that form the QCA Code are provided throughout this Annual Report and are detailed on pages 51 and 52.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires that the Directors 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. For this reason section 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 44 and 45.

DIVIDENDS

The Group continues to perform well, as we maintain our focus on creating long-term sustainable shareholder value. Given our continued progress, and in line with the guidance that we issued at the half year when we indicated that the split of the dividend would be 50:50 between the interim and final dividend, the Board is proposing a final full year dividend of 8.0p per share (see note 11). This brings the total ordinary dividend for the year to 16.0p per share, an increase of 10.3% on the prior year, which is covered 2.9 times by adjusted earnings per share[1]. Subject to shareholder approval at the forthcoming Annual General Meeting, the dividend will be

paid on 6 August 2024 to shareholders who are on the register on 28 June 2024. The ex-dividend date will be 27 June 2024.

OUTLOOK AND PROSPECTS

In general, the global economy has been surprisingly resilient over the twelve-month period under review. While we are cautiously optimistic regarding the immediate future, we remain conscious that threats to the economic landscape remain, and that persistent inflation and geopolitical events have the potential to undermine recent progress. Nevertheless, we are confident that the momentum that we have created over recent years has the potential to provide a continuing increase in our market share, while general recognition that the Model Portfolio Service approach to asset management is a growing sector of the industry and will, in the absence of headwinds, combine to provide a strong platform for further progress.

Finally, I would like to express my gratitude to shareholders for their continued support, to clients for their trust and loyalty, to advisers for their partnership and collaboration, and to our employees for their loyalty and commitment. I look forward to another successful year ahead for Tatton Asset Management plc.

ROGER CORNICK
CHAIRMAN

1. Alternative performance measures are detailed in note 27.

Chief Executive Officer's Review

CREATING THE ENVIRONMENT FOR GROWTH

This year marks the end of our three-year "Roadmap to Growth" strategy, wherein in 2021, we set ourselves the ambitious target of increasing our AUM by £6bn, from what was then £9bn to £15bn, through a combination of organic growth and acquisitions.

While we were close to reaching the target at this year's interim result, I am now delighted to say that we have exceeded the target with a final value of AUM/AUI[1] of £17.6bn as of 31 March 2024, 17.4% ahead of the original target. While we delivered the £17.6bn through a combination of organic growth and acquisitions, I am particularly pleased that we would have exceeded the target due to purely organic growth alone, through a combination of £5.4bn of net inflows and a positive investment performance of £1.5bn over the three-year period. We can add to that the two strategic acquisitions of £0.65bn of Verbatim Funds and £1.05bn of AUI from 8AM Global Limited, which complemented the organic growth to reach the £17.6bn milestone.

FINANCIAL PERFORMANCE

This year has been another challenging year for many businesses, due to a combination of continued geopolitical and global economic influences that have continued to impact not only the markets generally, but also the key areas in which we operate. As in prior years, we are not immune to the impacts of these events. However, we have continued to adapt and respond to the challenges that we face by continuing to focus on servicing the customer and IFA community while expanding our distribution footprint, with a view to maintaining and increasing our market share wherever possible. This aim is underpinned by our long-term track record of consistent investment performance and market-leading customer service and communications, which, when combined with our existing IFA distribution partnerships, continue to drive the success of the business. We were delighted to have this validated through being recognised in a recent Defaqto DFM survey as both the preferred and the most recommended DFM MPS provider.

Group revenue increased by 13.9% to £36.8m (2023: £32.3m) and Group adjusted operating profit[1] increased by 12.9% to £18.5m, with an adjusted operating profit[1] margin that was broadly in line with the prior year of 50.3% (2023: 50.7%). Our operating profit was £16.5m, in line with that of the prior year of £16.6m. We ended the year with cash on the balance sheet of £24.8m (2023: £26.5m).

1. Alternative performance measures are detailed in note 27.

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.

Tatton revenue increased strongly by 19.0% to £30.9m, which was accompanied by a new record for organic net inflows in the year of £2.303bn, 18.1% of opening AUM. Net inflows in the first half of the year were £0.910bn with the second half of the year materially improving to £1.393bn. We are pleased that net inflows stayed consistently strong throughout the year, averaging £192m per month. This was split £152m in the first six months and a significant improvement to £232m in the second six months. Clearly, the second half of the year was much stronger, although there was no single event responsible for this strong performance; it was due to a general improvement across the board with the last three months, and particularly March, being very strong. In addition to organic flows, the markets added a further £1.538bn over the year, with the second half of the year accounting for £1.438bn. During the year, we disposed of our £25m AIM portfolio and, with 8AM Global contributing £1.053bn of AUI, our total AUM/AUI[1] finished the year at £17.604bn.

	TOTAL £BN
Opening AUM 1 April 2023	12.735
Organic net inflows	2.303
Market and investment performance	1.538
Disposal of AIM portfolio	(0.025)
Closing AUM 31 March 2024	**16.551**
8AM – AUI[1]	1.053
Total closing combined AUM/AUI[1] 31 March 2024	**17.604**

Tatton adjusted operating profit[1] increased by 22.8% to £19.4m (2023: £15.8m) and the adjusted operating profit[1] margin increased to 63.0% (2023: 61.1%). Operating profit margin fell to 60.2% from 65.6%, partly due to a large release of contingent consideration payable on 8AM and Verbatim in the prior year of £2.7m, while this year took the impact of an impairment of £1.3m against the investment in 8AM. While we have continued to invest in the business to drive future growth, this year saw the benefit of the sale of AIM, which overall, contributed a one-off gain by adding £0.5m to the adjusted operating profit[1] of Tatton. Tatton continues to account for a greater proportion of the income and now stands at 83.9% of Group revenue, along with contributing the vast majority of the Group operating profit.

Paradigm revenue decreased by £0.5m, or 7.1%, to £5.9m. In many ways this was a very resilient performance from the business. While the consultancy element of this business remained stable, albeit losing a small number of firms to consolidation, as predicted the Mortgages business faced a more difficult year, with completions reducing by 9.7% to £13.1bn (2023: £14.5bn). This was in line with guidance, but was, more importantly, a good result when compared to the UK gross mortgage market, which fell by 29%. As a consequence of reduced revenue and investment in the cost base, which included the full-year effect of new personnel and cost inflation, the adjusted operating profit[1] fell to £1.8m (2023: £2.4m) with a margin of 29.9% (2023: 37.5%), with a similar fall in Operating profit and related margin delivering £1.5m at 25.6% (2023: £2.2m at 34.5%).

Q&A

WITH OUR CHIEF EXECUTIVE OFFICER

What has been the impact of Consumer Duty over the last 12 months and how do you see it moving forward?
It would appear that the focus from the regulator so far has been on the larger product manufacturers and, indeed, platforms. IFAs are now, in the main, totally up to speed with Consumer Duty and what is required from them to comply. We are starting to see some signs of pockets of traditional discretionary fund management making its way to MPS. I would expect this trend to continue and gather momentum, which should be a tailwind for our business.

How has the IFA sector been impacted by Private Equity consolidators over the last few years?
Private equity ("PE") has been very active in the wealth management arena. They have led the consolidation trend in the platform market, where numerous platforms are now owned by PE. They have also backed IFA consolidation and, indeed, the leading consolidators are nearly all owned by PE. I do not necessarily see this as a bad thing, as this highlights the true value of IFA practices. The principals of the IFA businesses are, therefore, encouraged to grow and invest in their business to take advantage of this at a future date.

Do you see the continued growth of Model Portfolio Solutions over the coming years?
Absolutely, yes. As a business, we continue to look to see if there are other propositions that fulfil all the positive elements that the MPS service provides. The combination of price, consistent investment performance and client outcomes, along with the transparency and simplicity of the product, underpins continual growth. At the moment, and in general, I cannot see a better place for clients' hard-earned capital.

How do you see technology and, in particular, artificial intelligence ("AI") impacting the investment world in the near to medium term?
We believe that IFAs should embrace AI as a tool to help them improve the efficiency of their businesses and deliver some of the more automated services that they provide. Simple tools and solutions that can help to record annual review meetings and client conversations must be a good starting point. Overall, I see AI making a really positive contribution to what we do, although ultimately, I do not think AI is a threat to our business and will not replace human interaction and the investment decision-making process.

How do you keep the TAM team constantly motivated?
We are still a small, growing business benefitting from our continued growth and offer a great place to work. We are small enough to know everyone's first name and appreciate the contribution each individual makes to the success of the overall business. We naturally reward success with performance related pay, bonuses and options where appropriate. We have a strong service-led culture that permeates through the business and reflects the values to which we aspire. The Board and senior management have always had an open door policy and openly communicate our corporate goals and acknowledge individual achievement.

Chief Executive Officer's Review continued

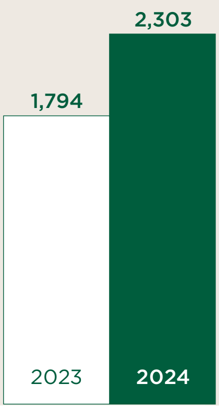
STRATEGY: PROGRESS AND MARKET TRENDS

Our vision has always been to create lasting and sustainable growth by being the preferred provider for IFAs. To achieve and support this vision, we have offered products and services that are competitive in the market and that help IFAs give better advice to their clients. We have also sought to improve our market position by growing our client base and increasing our AUM while expanding our range of service offerings. After celebrating our 10th anniversary last year and completing our 'Roadmap to Growth' strategy this year, we look forward with excitement and the same passion for the business that we have always had, and we are eager to enter the next phase of our growth and development as a business.

NET INFLOWS (£M)

£2,303m

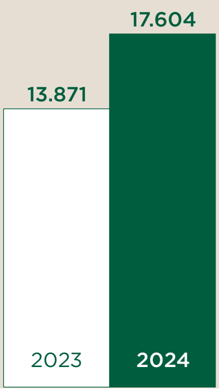
Change: +28.4%



AUM/AUI[1] (£BN)

£17.604bn

Change: +26.9%



We constantly monitor the IFA sector to identify the trends and the direction of the broader market, and how we can assist in developing and creating solutions that help the IFA with their own strategic direction and growth, while supporting their clients and improving client outcomes. In response to considering how we can further support our IFAs, during the year we made an investment of £0.5m in Fintegrate Financial Solutions Limited, a company which provides a financial planning software tool to IFAs.

There have been two main trends lately across the IFA sector. The first involves the growing use of the MPS solution, as IFAs have increasingly delegated investment decisions to an independent DFM; Tatton has been a major beneficiary of this trend. The second trend, consolidation, has been a rising factor in the wider IFA market. Some market consultants think that over time, the market will consolidate further, whereby five or six major consolidators will take over about half of the market. I do not agree with this view, as I think that there will always be a demand for the independent local high-street IFA. When IFAs wish to retire, I can see many younger IFA businesses wanting to buy them up. Some consolidators think that it is just a matter of aggregation, i.e. buying firms at a lower price than their target exit value, while others aim to vertically integrate the firms. We think that there is more to this process than that, and we continue to research and consider possible alternative solutions.

MARKET DEVELOPMENT

The core trends that continue to drive growth regarding the adoption of UK MPS remain unchanged, with the key aspect being outsourcing portfolio management responsibilities, which allows the advisers to focus on financial planning and client relationships and on continuing to grow and improve their businesses. The MPS market has continued to show significant growth and, as in prior years, the assets held on platform and in MPS remain the fastest-growing area for Wealth Managers and are becoming a substantial part of the investment landscape. Platforum, industry research consultants, have provided a market update which supports the view that this trend is set to continue. There was last reported over £139bn of MPS assets on platform as of December 2023, which accounted for 19.3% of the £722bn of assets on platform in total, an increase from 16% in the previous year. We believe that the market remains on track to reach £200bn by 2027. Extending the picture globally reinforces this view, as the current level of $4.2tn of assets being held in MPS is set to increase to $10tn by 2028[2].

The market remains competitive with over 100 MPS providers made up of new entrants and traditional investment managers. Pricing has continued its downward trend, with average pricing levels now being 19bps, although a broad range is still found within the pricing landscape. Tatton remains very competitive and, when coupled with our long-term track record of consistent investment performance and market-leading customer service and communications, and combined with our IFA distribution partnerships, our proposition remains market-leading and compelling.

REGULATION

Consumer Duty legislation came into effect in July 2023 and it has been a factor in the IFAs' shift from in-house managed portfolios to third party MPS providers. The FCA has made it clear that they wish firms to act in the best interests of their retail customers, which includes considering moving some investment clients' portfolios from more costly bespoke models to simpler model portfolios, if these are more suitable for the customer's investment size, as laid out under the Duty's price and value outcome principle. I remain of the view that third party MPS providers are well placed to meet the regulation's requirements by offering low-cost and competitive investment options for clients, while helping the IFA to comply with Consumer Duty requirements. As an MPS-focused investment manager, this requirement of Consumer Duty aligns with our strengths in putting the adviser at the centre of the value chain and enabling the delivery of better client outcomes.

PARADIGM

Overall, Paradigm delivered a resilient performance this year. Paradigm Consulting remained stable, although Paradigm Mortgages' performance was not immune from the challenges created by a difficult housing market wherein the resilience of all intermediary participants was tested. During the year,

1. Alternative performance measures are detailed in note 27.
2. Fundscape: How to win business and influence model portfolios.

£15.294bn
Managed Portfolio Services ("MPS")
(2023: £11.630bn)

AUM ANALYSIS TOTALLING
£16.551bn
(2023: £12.735bn)

£1.257bn
Multi-manager funds/Other
(2023: £1.105bn)

the housing purchase market stalled, which impacted the available product mix and the resultant margins. In addition, affordability constraints, which were driven by higher borrowing costs (with rates peaking in August 2023 at 5.25%, three times higher than those two years prior), impacted both new buyers and those rolling off less expensive fixed-term deals. As in prior periods, lenders focused on retaining their existing customers, and Product Transfer ("PT") (fixed-rate maturities) business rose. This change was at the expense of more margin-rich remortgage business and buy-to-let volumes, which also suffered when both funding and affordability constraints made their mark.

As we look forward with confidence, activity and demand are improving, as evidenced by greater numbers of sellers and prospective buyers, with mortgage applications and approvals at their highest levels in 18 months. Property values epitomise this resilience since UK house prices remained largely unchanged on a monthly basis, with the latest research suggesting that house prices will increase by 2.5% in 2024. That being said, the market remains sensitive to short-term fluctuations; although Paradigm anticipates another challenging year, we do believe that as the economic outlook improves and interest rates inevitably decline, homebuyers will gain confidence from a period of relative stability. Pent-up consumer demand, underpinned by improving affordability, will drive transaction volumes upward. While brokers will not ignore the opportunities presented by PTs, they will benefit from improvements in the Purchase and Remortgage markets, both of which offer greater margins. This positive outlook should be balanced by the general state of political uncertainty in the UK in the run-up to the general election, together with wider global uncertainties that have the capacity to disrupt market stability. As a result, many commentators believe that there are unlikely to be meaningful falls in mortgage rates this year, while there is still the potential for short-term fluctuations in the cost of debt and house prices.

Therefore, when evaluating the short to medium term, Paradigm's positive membership growth, which is up by 9.4% on the prior year, is predicted to continue and should result in increased completion volumes for 2025, essentially returning back to 2022/23 levels of c.£14.3bn. With a stronger economic performance expected in 2025 and 2026, we maintain a broadly positive outlook.

Strategic Goals and Priorities

- AUM expansion and organic growth
  - Target AUM/AUI[1] of £30bn by March 2029, a cumulative annual growth rate of 11.3%
  - Consistently achieve a minimum average of £2bn of net inflows per annum
- Strategic acquisitions and partnerships
  - Identify and execute targeted acquisitions that align with our business model and enhance our AUM and our wider proposition
  - Forge new partnerships to aid distribution, broaden our reach, and access new markets
- Expand Distribution
  - Build on our recent success by delivering further strategic partnerships and collaborations with larger IFA firms, delivering enhanced client outcomes
- Paradigm market share
  - Continue to increase the number of firms that utilise Paradigm, specifically, by taking a greater share of the available mortgage broker and intermediary market and increasing the level of mortgage completions

Outlook and summary

In summary, the Group has delivered another strong year of growth in terms of net inflows and AUM, while also demonstrating continued resilience when seen against the backdrop of what has been another difficult year across markets and the general economy. As we welcome the coming years, we are excited by the future opportunities that we have as a business, and we look forward to maintaining our focus on the strategic initiatives that we have set out and delivering the next phase of our growth and vision for the future.

This success would not be possible without the unwavering commitment and hard work of our entire team across the Group. I extend my sincere gratitude for their enduring dedication to serving our customers and clients; their extraordinary abilities continue to be the foundation of our achievements.

PAUL HOGARTH
CHIEF EXECUTIVE OFFICER

Chief Investment Officer's Report

THE FIRST 10 YEARS BUILDS A FOUNDATION FOR THE NEXT

Proposition development

We continue to benefit from the strength of our relationships with the advisers that recommend Tatton's investments to their clients. Our business model, which has the genuine synergy created by mutual benefit, remains flexible and responsive to the needs of IFAs and meeting their clients' desired outcomes.

Listening and responding to feedback enables Tatton to build the IFA relationship based on the trust created by long-term delivery. Central to this is the consistency of our portfolio management approach, which generates sustained repeatable investment performance and is not reactive to short-term market distractions.

As part of this, we expanded our Overlay Strategy to our Tracker and Global models, as they had reached a sufficient scale. The Overlay Strategy, created in 2016 for Tatton's Managed models, uses an open-ended structure created at each risk profile, which provides access to alternative share classes, improved trading and smoother portfolio management. With this expansion, the majority of Tatton's models now benefit from the significant efficiencies and dynamic investment opportunities the Overlay Strategy brings.

Responding to adviser feedback and rising interest rates, in August 2023, we launched the Tatton Money Market Portfolio, a portfolio of ultra-low-risk money market funds, to give investors access to higher rates of interest on cash than they could receive from a standard notice bank account and maintain control of their asset through their chosen investment platform.

We have also improved our client reporting by enabling advisers to personalise performance charts in our monthly and quarterly factsheets. We also enhanced our portfolio update reporting by making it more accessible through our new Portfolio Decisions report. All these reports are automated and generated for each adviser through the Tatton Portal, increasing the direct support of their day-to-day client reports.

2023/24 capital markets and returns

Tatton's strength is our clearly defined investment process and the robust discipline of the investment team. Our focus remains on being long-term investment managers and we are not distracted by short-term market narratives.

The last year duly rewarded long-term investors. Capital markets rebounded strongly from the 2022 downturn. Holders of risk assets saw significant returns as worries about inflation, interest rates and global recession faded. Returns were pleasing for the markets and our portfolios, which were suitably positioned to take advantage of the opportunities that arose.

During the 2022/23 period, we saw the sharpest monetary policy squeeze in a generation. Spiking global inflation forced central banks to rapidly raise interest rates, pushing up government bond yields. Market sentiment showed concerns over the central banks keeping rates 'higher for longer' but through 2023/24 it looked increasingly certain that interest rates will be cut. The forward rate curve informs us that the markets see The Bank of England and the US Federal Reserve to have all but confirmed that their next rates move will be a cut, and expectations of a looser policy have already propelled risk assets.

The turnaround started in bond markets. Indications last summer were that the inflation crises might be over, but it was not until the end of October that market confidence rose. Falling inflation and a growing expectation of rate cuts helped bring an extremely difficult period for bonds to an end. This brought tactical return opportunities through active duration management in the Overlay Strategy.

Equities markets followed. Falling bond yields made equities more attractive and this valuation effect clearly impacted prices, but the rally was not just about that adjustment. Towards the end of 2023, markets also anticipated rebounding global growth. This delivered an incredible 'Santa Rally' in December, and the first three months of 2024 were similarly positive.

INVESTMENT PORTFOLIO RETURNS

1 year, 1 April 2023 – 31 March 2024

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

	TATTON MANAGED	TATTON TRACKER	TATTON BLENDED	TATTON ETHICAL	ARC PCI[1]
Defensive	5.3	6.5	5.9	9.6	4.7
Cautious	8.2	9.1	8.6	11.4	7.3
Balanced	10.6	11.2	10.9	12.8	7.3/9.3[2]
Active	12.4	13.0	12.7	14.2	9.3
Aggressive	14.5	14.4	14.4	15.2	11.1
Global Equity	20.6	19.6	20.1	16.6	11.1

3 years, 1 April 2021 – 31 March 2024

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

	TATTON MANAGED	TATTON TRACKER	TATTON BLENDED	TATTON ETHICAL	ARC PCI[1]
Defensive	0.0	0.7	0.4	0.7	0.6
Cautious	2.3	3.0	2.7	2.3	2.0
Balanced	4.2	4.7	4.5	3.6	2.0/3.0[2]
Active	6.0	6.3	6.1	5.1	3.0
Aggressive	7.4	7.6	7.5	6.2	3.6
Global Equity	9.0	9.0	9.0	6.9	3.6

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.

Underlying that growth story was the drop in global inflation. Growth has been surprisingly resilient against rapid interest rate hikes, and markets became convinced that this will carry on through to eventual rate cuts – more so for the US, where consumer demand has stayed surprisingly strong for years. Markets seem to believe that inflation will come all the way down without high rates hurting the economy too much.

That belief has effectively saved markets from the typical recession at the end of a growth cycle, and we have effectively ‘rewound’ into an a mid-cycle environment. When rates inevitably fall, we expect this will bring opportunities for smaller businesses – and they will already be starting from a strong point, with so few ‘going bust’ compared to previous cycles.

In the first quarter of 2024, the rally broadened, having previously focused on large US tech companies – the so-called “magnificent seven”. The tech domination created misplaced fears of another dotcom-style bubble, as those companies have been propelled by growing profits and not just exuberance.

A notable feature of the capital market rally was the fall in stock market volatility during that period, despite yields rebounding and expectations for rate cuts being pushed further into the future. This shows that investors have a bigger appetite for risk assets. That attitude is an endorsement of the global economy and there are opportunities, but with high valuations there is also room for disappointment, and this creates patches of volatility, as seen in early April. Markets may be too positive for our liking.

Outlook

It looks like the remainder of 2024 should be a calmer period than the immediately preceding years. The pricing of volatility options tells us that investors think risks are low – but that is not the same thing as risks actually being low. Markets can still fall and, with price-to-earnings ratios so high (especially in the US), there is a sense that any extra shocks could impact hard. However, markets have demonstrated notable resistance and there is no clear signal that positive sentiment will falter at this time.

This year will see general elections in the UK and US, both of which should interest markets. Britain looks certain to get a change of government. Capital markets appear completely unphased, though in large part because they are expecting very little to change. The Starmer-led Labour party has firmly pushed its centrist credentials and is likely to pursue a very similar economic policy to Rishi Sunak and Jeremy Hunt. Politics always has the capacity to create surprises, so we note that policies could alter in the run-up to the election.

The US presidential election outcome is much more uncertain. Donald Trump is the very slight favourite in a rematch with President Biden. There will be more drama as we approach November. In particular, there could be accusations of bias thrown at the Federal Reserve if it is perceived to be helping Biden to cut rates. How this affects bonds and the US Treasury’s massive debt pile will be crucial.

Tatton will continue to stick to our principles and pursue a calm stewardship of our clients’ investments. Short-term market dramas can be hard to ignore, but so often, the consistent management of long-term investments require us to do exactly that. Our portfolio performance in the last year vindicates this strategy, and we have every faith that it will continue to do so.

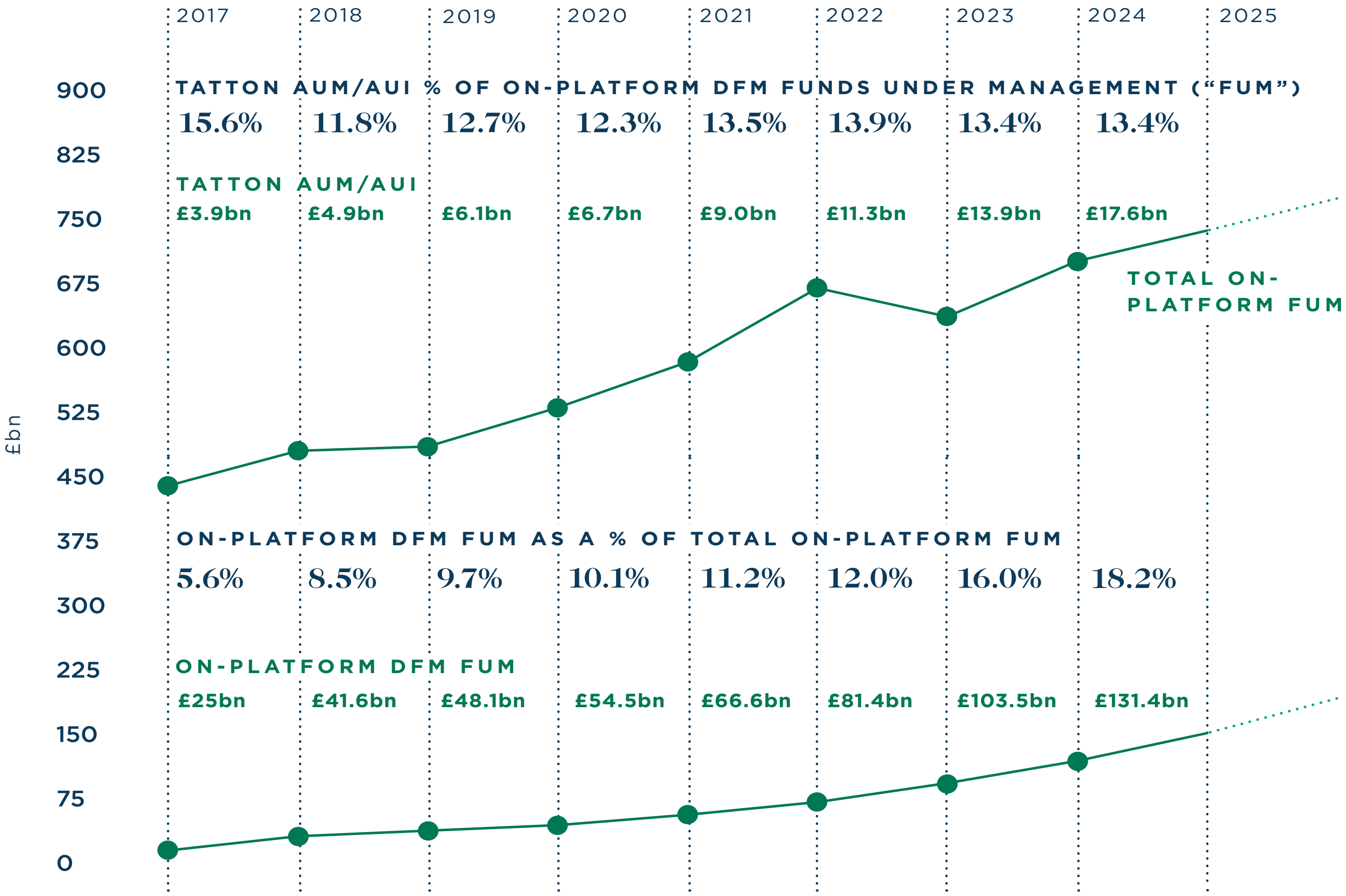
Our principles of long-term stewardship have helped us not only in terms of market returns, but in terms of growing and thriving as a business. We are proud to have gained a reputation as a safe, professional guardian of clients’ investments. This has allowed us to grow, even through difficult periods in recent years.

The heart of our model is about working with IFAs to manage their clients’ savings and investments to create their best outcomes. We focus on calm, clear and consistent stewardship so that IFAs can focus on clients’ individual needs. We will always strive to communicate what we are doing and why with utmost clarity, and we are thankful to IFAs for telling us what is best for their clients. As ever, maintaining these high standards will be key to our success.

LOTHAR MENTEL
CHIEF INVESTMENT OFFICER

Market Review

OUR MARKETPLACE



Market trends

Tatton operates within the thriving UK wealth market, which has exhibited significant growth in recent years as shown on the chart above, with the FUM market figures being taken from research by Platforum and NextWealth. Despite the macroeconomic conditions, the outlook for the UK wealth management sector remains positive, with anticipated annual growth rates of 6% to 8%. This growth is propelled by fiscal and regulatory reforms encouraging investment and savings, alongside the ongoing shift from DB to DC pension schemes and the evolving demographics favouring long-term wealth retention. The Group is strategically positioned within this landscape, particularly in the rapidly expanding "on-platform MPS" segment, forecasted by Platforum to grow significantly to approximately £200bn by 2026.

Impact on our Group

Tatton has sustained robust growth, evidenced by a 26.9% increase in AUM/AUI to £17.6 billion and record net inflows of £2.3 billion. This growth trajectory is supported by our extensive distribution network, currently servicing 975 firms supported by third party partnerships, and underpinned by a decade-long track record of consistent investment performance. Additionally, Paradigm Mortgages' market share continues to grow, having participated in £13.1bn of mortgage completions and growing its member base to 1,916 firms, despite challenges in the mortgage market, reflecting the resilience of its proposition. As our marketplace continues to evolve, the Group remains well-positioned to capitalise on emerging growth opportunities that these trends present.

PRINCIPAL RISKS

Our principal risks are detailed on pages 23 to 25 and have been linked to the market trends detailed.

1. Counterparty credit risk
2. Liquidity risk
3. Bank default
4. Concentration risk
5. Adverse macro-economic, political and market factors
6. Regulatory risk
7. Change to UK tax law
8. Changing competitive environment
9. Adverse market returns related to climate performance
10. Climate-related policy, legal & regulatory changes
11. Changes in the priorities of generational wealth
12. Technological risk
13. Failure of a third party service provider
14. Failure to recruit and retain quality personnel
15. Failure of investment strategy
16. Loss or failure of a key IFA client
17. System failure, cyber security and data protection
18. Reputational risk relating to ESG activities

GROWING STRENGTH OF THE IFA SECTOR

MARKET CONDITIONS

The demand for advice from IFAs, particularly in the affluent/ mass affluent segments, remains as clients continue to make complex decisions around financial planning. However, as the needs of the clients evolve in conjunction with regulatory and technological changes, this is driving the continued transition to outsource investment management services, as well as increasing consolidation across the industry.

OUR RESPONSE

MPS solutions are becoming more recognised among the financial adviser community as an offering fitting their clients' needs and helping the adviser meet their regulatory obligations. As Tatton continues to evolve its range of propositions and consistently delivers high-quality services to IFA firms, this leads to more advisers placing their trust in Tatton as their outsourced investment expert, and helps drive our organic growth.

PRINCIPAL RISKS 5 6 12

INCREASING COMPETITION

MARKET CONDITIONS

IFA consolidation and new entrants into the DFM MPS proposition persist as many try to seize upon opportunities as the adoption of MPS by firms increases. This continues to lead to price pressures within the market, as advisers seek deals on discretionary MPS fees; the average fee now stands at 19bps.

OUR RESPONSE

Our price at 15bps continues to sit below the current average MPS fee and we believe that this is right price for the service. We do not expect to change our price in the coming years. Our low-cost service is also supported by our scale, extensive distribution network, decade-long investment performance track record and service offerings.

PRINCIPAL RISKS 5 8 11 16 4

DISRUPTION IN THE INVESTMENT MARKETS

MARKET CONDITIONS

Amidst ongoing macroeconomic challenges, this financial year has seen heightened volatility, leading to substantial outflows for many asset managers. Such market disruptions can significantly impact consumer confidence, shaping both short-term decisions and long-term perspectives on savings and investment strategies.

OUR RESPONSE

Tatton continues to showcase its operational resilience in such market conditions. The demand for cost-effective on-platform discretionary investment management solutions remains robust, underscoring Tatton's ability to deliver. Tatton achieved record net inflows of £2.3bn, a testament to our steadfast performance and commitment to IFAs and their clients. Tatton continues to deliver proactive communication efforts aimed at providing IFAs with enhanced insights into the implications of global events on their clients' investments.

PRINCIPAL RISKS 5 7 9

UK MORTGAGE MARKET

MARKET CONDITIONS

The UK housing market remains resilient, despite a 29% decrease in mortgage market size during 2023. As inflation reduces and interest rates fall below their 2023 peaks, 2024 is expected to bring more certainty to the market, with many lenders and market commentators expecting mortgage lending to increase to c.£250bn, though predictions vary widely. The drive and affordability for home ownership is expected to return, although the perennial issue of supply not matching demand continues to underpin the UK market.

OUR RESPONSE

Our strategic focus remains on expanding our partnerships with firms to maintain lending volumes and capitalise on the unprecedented levels of loan maturities and remortgages, which will remain a key area of emphasis. Additionally, we are committed to leveraging opportunities for cross-sales across protection, general insurance and compliance services to further enhance our business activities.

PRINCIPAL RISKS 5 6 7

REGULATORY CHANGE

MARKET CONDITIONS

The ability of IFAs to meet the growing demand for financial advice continues to be challenged, which is partly due to increased regulatory pressures, such as the implementation of the new regulation on Consumer Duty and changes to Capital Gains Tax ("CGT") allowances. The consequences are that IFAs face significant costs and resource challenges.

OUR RESPONSES

Regulatory requirements, such as Consumer Duty, are increasing the demand for an outsourced centralised investment proposition, which aligns well with Tatton's proposition and philosophy, with the key requirements being price, value and, ultimately, client outcomes. Our compliance experts in Paradigm Consulting support our member firms through any changes as they manage the impact of new regulation on their businesses. In response to the changes in CGT allowances, Tatton continues to offer a range of multi-asset funds in an OEIC which provides tax benefits to investors, and has recently launched a new range of Passive Funds to meet demand from IFAs and their clients.

PRINCIPAL RISKS 6

GROWING STRENGTH OF THE MPS MARKET

MARKET CONDITIONS

The on-platform MPS market in the UK continues to benefit from regulatory changes, increasing demand for financial advice from IFAs, and technological advancements. This is leading to assets held in other wealth solutions such as BPS transitioning to MPS, due to its ability to offer tailored investment strategies, the potential for cost savings through economies of scale and the increasing demand for outsourced investment solutions.

OUR RESPONSES

Tatton operates as the largest on-platform MPS provider, and it is well-positioned to maintain and expand its market share as the industry continues to grow. Its low cost, high-value proposition across a wide range of portfolios, with a decade-long investment track record, ensure that Tatton maintains its best-in-class service.

PRINCIPAL RISKS 5 8 12

HOW WE CREATE LONG-TERM VALUE

We attribute our success to the tight-knit cooperation we have with Independent Financial Advisors, helping us to grasp the needs of both the advisors and their clients. This strategy provides us with crucial market understanding and aids in the improvement of the Group's extensive offerings.

OUR INPUTS

RELATIONSHIPS WITH IFAS

We provide high calibre investment management, consultancy, and mortgage-related services to empower IFAs in supporting their clients. Our goal is to create lasting relationships with IFAs, helping them grow and enhance their operations.

REGULATORY KNOWLEDGE

Our Paradigm Consulting team, armed with in-depth regulatory knowledge and technical expertise, offers unparalleled support to IFAs amidst the increasing demand for direction within a heavily regulated sector.

CAPITAL ALLOCATION

Capital is set aside for regulatory requirements and investment goals. The Board assesses potential acquisitions that are compatible with our current operations and will contribute to both earnings growth and increased shareholder value.

TECHNOLOGY

The Group allocates resources to technology through both operational and capital expenditures. The decision to allocate resources is guided by the potential for technology to strengthen the Group's strategy for sustained growth.

BRAND RECOGNITION

Our brand recognition and awareness continues to improve each year, thanks to the Group's economical approach to marketing, which incorporates direct marketing, events, public relations and referrals.

TALENTED PEOPLE

Our organisation is committed to attracting, developing, and retaining outstanding professionals with a wide range of expertise and experience who possess the necessary skills to implement our strategy and deliver high-quality service.

EXTERNAL SERVICE PROVIDERS

Engaging with our external service providers is critical to ensuring the effective distribution of our products, such as platforms, IFAs and fund managers.

MEETING CLIENTS' FINANCIAL GOALS

IFA

Meeting clients' financial goals, incorporating their risk appetite and time requirements, builds trust and loyalty with clients and enhances Tatton's credibility, which can attract new investors.

OUR BUSINESS MODEL IS UNDERPINNED BY:

OUR STRATEGY

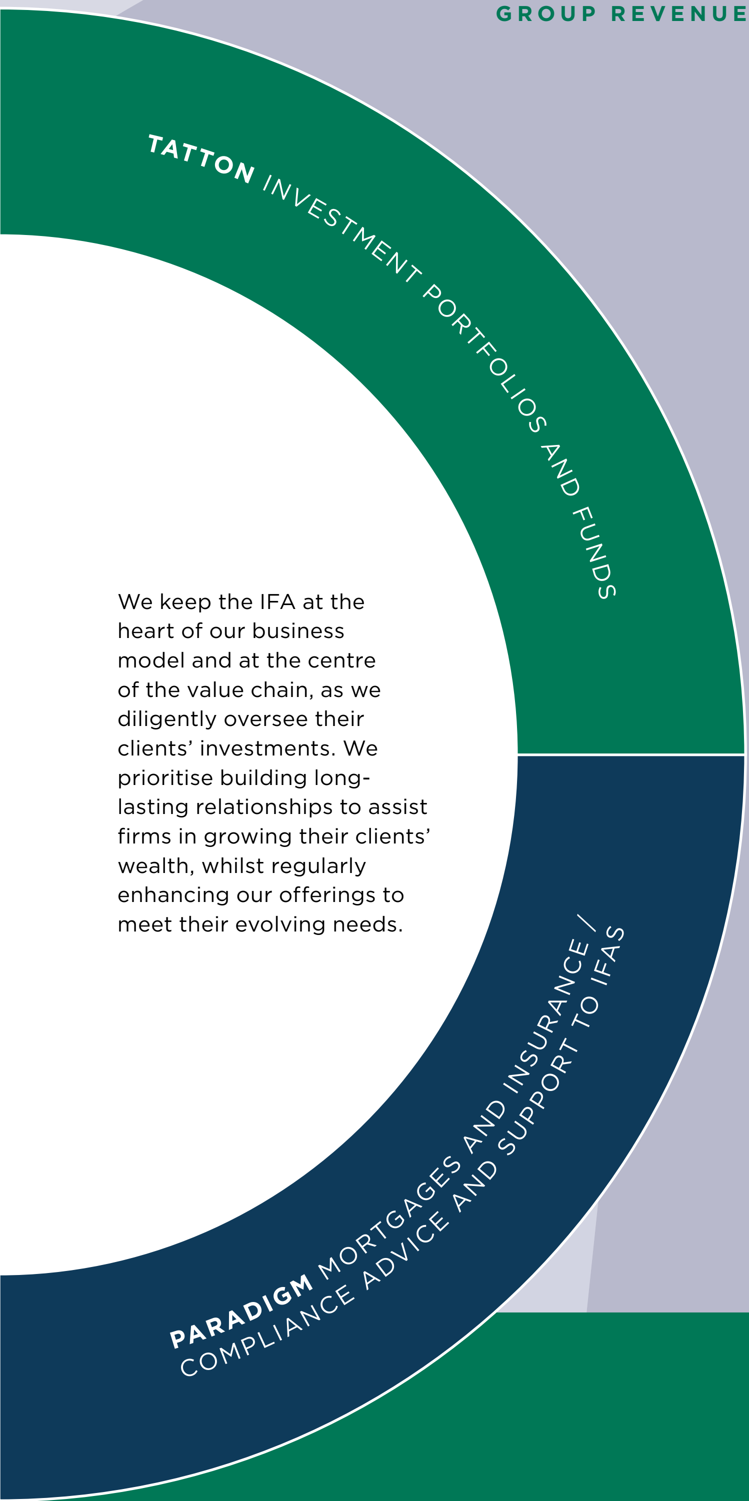
Read more from page 16

OUR RISK MANAGEMENT FRAMEWORK

Read more from page 22

Tatton remains at the forefront of a changing financial services and investment landscape and, from a standing start in January 2013, we have created a market leading MPS investment business that now manages £16.6bn. This growth has principally been achieved through the creation and promotion of a range of risk-rated model portfolios, which makes discretionary fund management ("DFM") available to the mass affluent, whilst delivering value and consistent investment returns at a market leading cost, exclusively on their chosen Retail Investment Platform ("Platform")

GROUP REVENUE



We keep the IFA at the heart of our business model and at the centre of the value chain, as we diligently oversee their clients' investments. We prioritise building long-lasting relationships to assist firms in growing their clients' wealth, whilst regularly enhancing our offerings to meet their evolving needs.

AUM/AUI[1]	ADJUSTED OPERATING PROFIT[1]
£17.604bn	£18.514m

OUR OUTPUTS

SHAREHOLDERS

The Group operates a profitable, cash-generative business model, with significant recurring income and strong profit margins, within an expanding market. The wealth created by the Group is either shared with shareholders through dividends or reinvested into the Group to drive further growth. In addition, our progressive dividend policy demonstrates our dedication to sustained value creation.

CLIENTS

We support our clients in achieving their long-term goals by providing outstanding service and diligently managing their wealth with our adaptable, efficient, and cost-effective range of portfolios and funds.

IFAS

We offer support to IFAs in navigating through a regulatory landscape that is becoming more complex, as well as giving them access to a comprehensive network of lenders and distributors.

EMPLOYEES

Our staff's contribution is instrumental in assisting our clients and enhancing shareholder value. Therefore, we offer them rewarding career prospects that not only challenge them but also encourage growth and professional development.

SOCIETY

Our Group's products and services for IFAs and their clients foster trust in savings and investment decisions. Dedicated to social responsibility, we sincerely fulfil our environmental and societal duties, continually progressing towards and accomplishing our ESG goals. See pages 28 to 41.

REGULATOR

We engage with the FCA in an open and honest manner. We also provide input into consultation papers and industry focus groups.

1. Alternative performance measures are detailed in note 27.

OUR HIGH STANDARDS OF CORPORATE GOVERNANCE

Read more from page 46

HOW WE ENGAGE WITH OUR STAKEHOLDERS

Read more from page 42

Strategy Roadmap

OUR ROADMAP TOWARDS GROWTH

£1bn

2014

AUM reaches and surpasses £1bn. Launch of two new propositions, Tatton's Balanced Ethical and Income portfolios

+£3bn

2016

AUM surpasses £3bn, awarded "Best Boutique Wealth Manager" by Wealth Adviser and launch of Tatton's AIM portfolio service

+£5bn

2018

AUM surpasses £5bn, awarded "Best DFM" by Moneyfacts and launch of the full risk range of Ethical portfolios and Blended funds

+£8bn

2020

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

+£12bn

2022

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

+£12.7bn

2023

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

2024

Achieved AUM/AUI[1] of **£17.6bn** at March 2024

£15bn

EXPAND OUR DISTRIBUTION FOOTPRINT:

We will have a focused approach, continuing to promote our existing strategic partnerships and driving new firm growth beyond our current 975 IFA firms, with a view to doubling the level of firms using Tatton as the DFM for their clients' assets and so increasing our market share.

As an IFA-centric business, we continue to respond to the needs and demands of our IFAs and their clients. Where appropriate, we will increase the products within our proposition to meet their needs. For example, in May 2024, we launched a range of highly competitive Passive funds that complement our existing product range.

We believe we have set the right price at 15bps for our MPS. It remains well below the average price in the market and is highly competitive as part of a wider proposition.

DELIVERING GROWTH:

From its inception in 2014, Tatton has grown its AUM/AUI[1] to £17.6bn in 2024, surpassing its original Roadmap to Growth target of £15bn. The cumulative annual growth rate of AUM/AUI[1] has been 33% per annum, delivered by growing our firm numbers to 975 over this time frame, an increasing level of net inflows, alongside market performance and strategic acquisitions.

We listen to our stakeholders, developing and increasing our proposition where there is demand, and offering a high quality service, complying with regulations and delivering returns for our shareholders.

GROWING DEMAND FOR MODEL PORTFOLIO SERVICES ("MPS"):

There is an increasing trend among investors, including both individual and institutional clients, to opt for model portfolio services due to their simplicity, cost-effectiveness, and diversification benefits. Tatton's MPS proposition offers clients a full suite of choices across investment styles and risk ratings.

At a macro level, assets on platform have increased by 11.5% to £721.6bn[2] as at Dec 2023 (Dec 2022: £646.9bn), and MPS on platform has grown to £139.4bn[2] as at Dec 2023 (Dec 2022: £103.5bn). It is expected that this level of growth will continue in future years, increasing MPS on platform to £200bn by 2026.

MAINTAINING OUR BEST-IN-CLASS OFFERING:

We will continue to support our IFAs and their clients by delivering consistent investment performance and client outcomes, and providing support through our market leading added-value customer service and communications. In addition, our IFAs have access to our online portal, which provides IFAs with immediate access to their client portfolios, as well as to additional supporting materials from Tatton.

REGULATORY CHANGES DRIVING THE DEMAND FOR OUTSOURCED INVESTMENT SOLUTIONS:

The recent Consumer Duty focuses on price, value and client outcomes and these three attributes align with the principal qualities of MPS. Clients investing in MPS can benefit from a low-cost investment product, which delivers outcomes that are not materially different from the outcomes delivered by Bespoke Portfolio Services ("BPS") and multi-manager funds, which can be significantly more expensive.

We expect that the obligations arising from Consumer Duty will ensure the transfer of assets from BPS to MPS over the next few years, particularly where MPS is more aligned to the client's needs, but, more importantly, where the outcomes do not significantly differ. We anticipate this to be a contributing factor in the growth of the MPS market in the coming years and our objective, at a minimum, is to maintain our market share of this growth.

TAM's new organic growth **Target** is to reach £30bn of AUM/AUI[1] in five years, by March 2029.

£30bn

1. Alternative performance measures are detailed in note 27.
2. Source: Platforum.

Strategy Framework and KPIs

GROUP PERFORMANCE

STRATEGIC OBJECTIVES

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

DEEPEN OUR IFA RELATIONSHIPS TO GROW AUM

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

TATTON FIRM NUMBERS

975

ORGANIC GROWTH – INCREASE THE SHARE OF OUR RESPECTIVE MARKETS

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

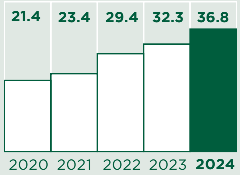
NET INFLOWS

£2.303bn

FINANCIAL KPIS | KEY RISKS | FY2024 PROGRESS AND FY2025 OUTLOOK | STRATEGIC OBJECTIVES

Group revenue (£m)

Revenue generated by the Group for the financial year.

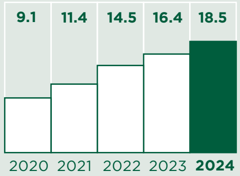


Key risks: 5 7 8 9 11 15 16 18

Revenue has grown by 13.9% in the year, driven by record inflows in the financial year and the increase in AUM, as well as the increase in the number of firms receiving the Tatton and Paradigm services. The Group’s strategy is to continue its growth, both organically and through M&A activity. As the business grows, the Board and Audit and Risk Committee remain aware of the current and emerging risks faced by the business, including any impact of climate change over the medium to long-term.

Adjusted operating profit[1] (£m)

Adjusted operating profit[1] generated by the Group.

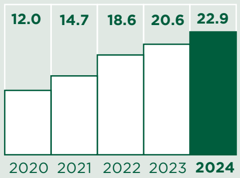


Key risks: 1 2 5 7 8 10 13 14 15 16

Increased profits and margins have been delivered as a result of the Group’s high level of recurring revenue and operational gearing. Adjusted operating profit[1] has increased by 12.9% to £18.514m, delivering an adjusted operating profit[1] margin of 50.3%. Profit before tax has also increased to £16.751m (2023: £15.996m). TAM expects its level of profits and profit margins to continue to increase as the Group continues to grow. The Group’s budget process focuses on adjusted operating profit[1] as its key measure, which links to the Board’s remuneration targets.

Fully diluted adjusted EPS[1] (p)

Adjusted profit after tax[1] divided by the weighted average number of fully diluted ordinary shares.



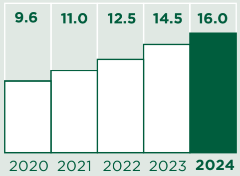
Key risks: 1 2 5 7 8 10 13 14 15 16

Strong growth across the Group has driven an increase of 11.2% in fully diluted adjusted EPS[1] to 22.91p (2023: 20.61p), reflecting the increased value delivered to shareholders.

The Group expects to continue to grow EPS through the scalability of the business model and continued strategic execution. Growth in fully diluted adjusted EPS is one of the key performance conditions for the Group’s EMI Scheme.

Full year dividend (p)

Full year dividend per share.



Key risks: 1 2 5 7 8 10 13 14 15 16

A final proposed dividend of 8.0p gives a full year dividend of 16.0p.

The Group targets continued growth in dividends per share, in line with the Group’s dividend policy; see page 62.

Our people are our greatest asset in achieving our Group’s strategy and to continue to provide excellent service and support to IFAs, while following our corporate responsibility approach as detailed on pages 28 to 41. The details of our progress around Our people is detailed on pages 38 to 41 and on our impact on the environment and the actions we are taking, including a TCFD summary, are detailed on pages 35 to 37.

PRINCIPAL RISKS

1. Counterparty credit risk
2. Liquidity risk
3. Bank default
4. Concentration risk
5. Adverse macro-economic, political and market factors
6. Regulatory risk
7. Change to UK tax law
8. Changing competitive environment
9. Adverse market returns related to climate performance
10. Climate-related policy, legal & regulatory changes
11. Changes in the priorities of generational wealth
12. Technological risk
13. Failure of a third party service provider
14. Failure to recruit and retain quality personnel
15. Failure of investment strategy
16. Loss or failure of a key IFA client
17. System failure, cyber security and data protection
18. Reputational risk relating to ESG activities

M&A AND JV ACTIVITY

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

FINANCIAL RESOURCES: CASH AT BANK

£24.8m

MIGRATION OF ASSET "BACK BOOKS"

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

WE PROVIDE A WHITE LABEL PROPOSITION TO

37 firms

STRATEGIC PARTNERSHIPS

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

ATTRIBUTABLE AUM

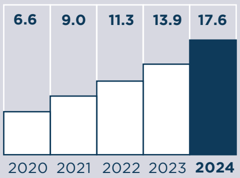
£3.8bn

NON-FINANCIAL KPIS

KEY RISKS | FY2024 PROGRESS AND FY2025 OUTLOOK | STRATEGIC OBJECTIVES

AUM/AUI[1] (£bn)

Total AUM/AUI at the end of the year.



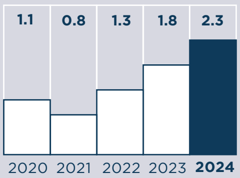
Key risks: 5 7 8 9 11 15 16 18

AUM/AUI[1] has increased by £3.7bn or 26.9% this financial year to a new milestone of £17.6bn. We aimed to grow our AUM/AUI[1] by £6.0bn from £9.0bn at March 2021 to £15bn by March 2024 through organic growth and acquisitions, as part of our three year 'Roadmap to Growth' strategy. We're happy to report we surpassed it with a final AUM/AUI[1] value of £17.6bn, 17.4% higher than the original target.

We have now set ourselves a new target to reach £30bn of AUM/AUI[1] over the next 5 years by March 2029.

Asset net inflows (£bn)

Growth in new clients has helped drive positive net inflows.



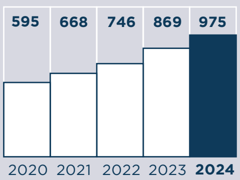
Key risks: 5 7 8 9 11 15 16 18

Tatton has increased its number of firms and client accounts during the year, which has driven record levels of positive net inflows of £2.303 billion in the year. We aim to continue to develop existing strategic alliances and develop new relationships that align with our objectives and deliver the best outcomes for the client and IFA.

To support the migration of 'back books', we continue to set up white label, co-brand and Appointed Investment Adviser ("AIA") relationships with existing firms, with over 15 new white labelling firm brands this year.

Tatton Investment Management firms

Number of Tatton firms at the end of the financial year.

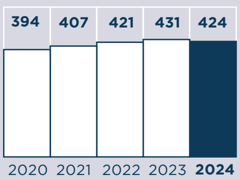


Key risks: 5 6 8 11 12 14 16 18

There has been strong growth in the number of firms using the Tatton DFM service, an increase of 12.2% to 975 firms (2023: 869). This growth has been driven through the Group's focused sales strategy, supported by its strategic partnerships. The Group continues to focus on increasing our share of the market and adding new firms to our distribution footprint. We continue to invest in account management, both internal and external, to ensure that we are well placed to service the IFAs' needs. We aim to further broaden our proposition and service portfolio in FY2025 and maintain our market leading offering.

Paradigm Consulting members

The year end number of Paradigm Consulting members.

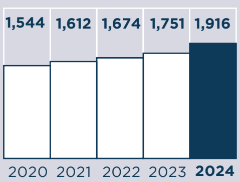


Key risks: 5 6 8 14 16 17

The Paradigm Consulting business remained stable in FY24, albeit losing a small number of firms to consolidation, resulting in member numbers ending the year at 424. We expect firm numbers to remain broadly stable, however we expect the trend of consolidation to continue which could further reduce firm numbers.

Paradigm Mortgages members

Number of Paradigm Mortgages members at the end of the year.



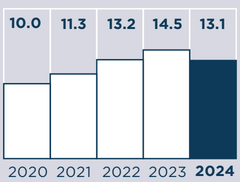
Key risks: 5 6 8 14 16 17

Paradigm Mortgages has continued to recruit new firms, increasing its members by 9.4% to 1,916 (2023: 1,751), and this is predicted to continue. Paradigm has invested in its sales force, driving new member growth in the year despite a challenging market.

With a stronger economic performance expected in 2025 and 2026, we maintain a broadly positive outlook.

Mortgages completions (£bn)

Value of mortgage completions by Paradigm firms.



Key risks: 5 6 7 11 14 16

The Paradigm Mortgage business, as predicted, had a more difficult year, with completions reducing by 9.7% to £13.1 billion (2023: £14.5 billion). This was in line with our guidance at the interims, but is a good result when compared with the UK gross mortgage market, which fell by 29%. As we look forward, confidence, activity and demand are improving, as evidenced by greater numbers of sellers and prospective buyers, with mortgage applications and approvals at their highest point in 18 months.

1. Alternative performance measures are detailed in note 27.

PARADIGM'S RESILIENCE IN THE MORTGAGE MARKET

Adaptability in challenging market conditions

During 2023, the mortgage market landscape was marked by economic instability following the September 2022 mini-budget, substantial regulatory shifts, and evolving consumer demands constrained by affordability concerns. The purchase market stalled, which impacted the availability of mortgage products, together with affordability constraints, driven by higher borrowing costs (with rates peaking in August 2023 at 5.25%, three times higher than those two years prior), impacted both new buyers and those rolling off less expensive fixed-terms deals. As we have seen historically, lenders focused on keeping their existing customers, resulting in the increase of Product Transfer (fixed-rate maturities) and a reduction in the more profitable remortgage business.

Paradigm has been able to adapt to this change through regular collaboration with our strategic Lender and Provider partners. Together, we have devised various strategies to empower our member firms to not only endure but also to thrive. Emphasis has been placed on education and information, focusing on a greater understanding in crucial areas such as credit risk, pricing mechanics, regulatory compliance and technological integration for enhanced efficiency. This proactive effort ensures that our members' business proposition remains relevant for their client base. Paradigm have successfully sought to build collaboration and partnerships with suppliers to leverage complementary expertise.

£13.1bn

Mortgage Completions

Looking ahead – UK mortgage market

Confidence amongst buyers and sellers is returning as noted by the RICS (Royal Institute of Chartered Surveyors) residential market survey, which indicates an uptick in buyer demand and a more positive outlook for sales expectations during 2024. As affordability constraints ease and stability improves, lenders have cautiously brought mortgage rates down from their peak in the later part of 2023. Paradigm anticipates gross lending to increase from £226bn[2] in 2023 to £250bn/£260bn in 2024, in line with many lenders and market commentators, though predictions have varied widely.

As the economy stabilises and turns to growth, wider economic, regulatory, technological, and social factors continue to impact supply and demand in the UK mortgage market, particularly with a UK General Election on the horizon. The market remains sensitive to the scale and pace of interest rate changes, which in all probability will limit the scope for significant house price increases in 2024. This stability in house prices, along with reductions in both rates of inflation and interest, will improve affordability for housebuyers, contributing to the increase in the size of the house purchase market this year.

Paradigm will focus on growing in a growing market, increasing its market share by supporting its existing firms and growing the number of new firms utilising Paradigm.

1,916

Mortgage Member Firms

Opportunities in Product Transfers

Over the last financial year, the Product Transfer ("PT") market solidified its presence in brokers' focus, offering the chance to continue to engage and retain customers, and maintain volumes. Paradigm have been at the forefront of PT opportunities for their advisers, offering advice and solutions on client communication and related technology. PTs remain crucial in the calendar year 2024, with over £107.3bn[1] of residential mortgages maturing in the first half of the year and £18.1bn[1] of richer margin buy-to-let deals maturing over the full year, necessitating broker engagement for renewal income. The purchase market in the last quarter of FY2024 was 17% higher than the prior year, driving an improved mix of higher margin product sales. Whilst lenders have built efficient processes for retaining business they are now focused on a purchase market that has returned to growth.

Dominance of the intermediary channel's share of mortgage completions

Intermediaries continue to dominate the mortgage market, with around 4 in 5 mortgage applications being submitted to lenders via professionally qualified mortgage brokers. Many lenders are reporting that their intermediary share of business now exceeds 85% of their lending, with the balance coming from their retail and online offerings, a trend that we expect to continue.

Paradigm is in a good position to expand its intermediary market share after participating in £13.1 billion of mortgage completions this year, as part of total UK lending of £226 billion in 2023, a market share of 5.8% (2023: 4.6%).

Q&A

ROBERT HUNT, CHIEF EXECUTIVE OFFICER OF PARADIGM MORTGAGE SERVICES AND MANAGING DIRECTOR OF PARADIGM CONSULTING

Can you elaborate on Paradigm's performance in the current period and its key drivers of revenue?
The UK Gross Lending market fell by c.29% during 2023, while, in contrast Paradigm outperformed the market, with only a 9% reduction in its lending volumes via its intermediaries. This resilient performance is attributable to the success in growing both the number of new firms and the performance of existing firms, in particular, their work in securing high volumes of client product transfer maturities. However, the margin on this type of business is typically lower than that paid on new business, which, when combined with a fall in higher margin buy-to-let lending, led to a year-on-year fall in revenue.

How has Paradigm navigated the challenges posed by the economic climate and inflationary pressures to maintain its market share?
Paradigm grew its membership firms and also outperformed the market in 2023/24. Our strategy to work in partnership with our broker partners using a dedicated Business Development function has allowed us to exploit opportunities as they have arisen, and our teams' knowledge and understanding of the market now and where it is potentially going ensure that our firms are ahead of and aware of any headwinds or opportunities.

Can you provide insights into Paradigm's growth in the intermediary channel, including its approach to client acquisition and retention?
The recruitment of firms has been specific and targeted in areas where Paradigm excel, in order to maximise performance. Thus, our leading compliance and consultancy proposition has helped generate interest as firms have recognised the need to upskill due to the requirements of Consumer Duty and are looking to partner with businesses who understand and can work within its guidelines to ensure that the broker firm is not only "safe" from a regulatory standpoint but can then "thrive" as they adopt the principles this regulation brings. Paradigm have been recognised as a leading "player" in Consumer Duty through their written and audio presentations and guidance.

Looking ahead, what are Paradigm's priorities and growth ambitions for next year?
To both grow and cement Paradigm further as a leading distributor in the consultancy and mortgage markets, leading through education and information. Our priority is to retain and recruit good-quality IFAs and broker firms who will work in partnership with Paradigm which will support our growth ambitions, as we see a real need for firms to require an avenue for a comprehensive mortgage, protection and consultancy offering.

How will the current market volatility and general global economic uncertainty affect Paradigm?
We believe at Paradigm that instability offers opportunity, as firms will seek reference within a greater context for those issues that can and could affect their business, which is where Paradigm excel. Whilst we cannot influence the size of the market, we can influence the actions required to ensure Paradigm and its firms increase their market share, regardless of backdrop, by adopting best-practice principles at all levels.

1. CACI Ltd Mortgage Market Database as at October 2023
2. UK Finance

Risk Management

OUR APPROACH TO RISK

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

Risk governance

The Board is ultimately responsible for the Group's risk management and internal control systems, and for determining the Group's risk appetite, and has delegated certain responsibilities to the Audit and Risk Committee ("ARC") (see page 48). A risk management framework ("RMF") has been developed by the Board to ensure that all potential areas of risk to the business are identified, assessed and regularly reviewed on at least a quarterly basis, monitored and reported. Tatton Investment Management Limited ("TIML"), as a regulated entity, has its own Risk and Compliance Committee ("RCC") and its own RMF, which follows the same framework as the Group but is separately documented to comply with FCA requirements. This RMF has been reviewed externally during the year by a compliance consultancy firm to ensure the approach and documentation remains up to date regarding changes in the regulations, for example Consumer Duty and TCFD.

Risk appetite

The Board's strategic objectives and expectations are that the business will continue to grow; however, it seeks to ensure that the risks taken by the Group are managed, in order to achieve a balance between appropriate levels of risk and return. Ownership of risk rests within the relevant division and teams, with oversight and escalation to the Group Board where required. The Board encourages a strong risk culture throughout the business, and each division is responsible for setting risk appetite statements for financial and franchise risks with key risk indicators.

Risk identification

We carry out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. This is achieved by adopting a top-down and a bottom-up approach and we categorise these risks into three risk groups – Industry, Operational and Financial – and assess the potential impacts on clients, revenue, capital and reputation. Climate-related risks are also considered across these risk groups. The Audit and Risk Committee regularly reviews the Group's risk registers and mitigating processes to ensure that these are considered acceptable to the risk appetite and attitude of the Board.

Risk control and management

The ARC, along with TIML's RCC, regularly consider and review the strength and effectiveness of controls across the organisation. This is delivered by moving towards a "three lines of defence" model, as illustrated below.

Risk assessment and reporting

Our assessment of risks involves ranking risks based on probability and impact, which provides a clearer view of their significance. Risks that exhibit a sufficiently high likelihood of causing material harm to the Group are specifically highlighted on the Group's risk management dashboard. The Group's principal risks register along with the Group's KPIs (see pages 18 and 19) are also reviewed by the Board to ensure they receive the necessary attention, allowing for informed decision making and proactive risk mitigation.

Internal capital adequacy and risk assessment ("ICARA")

In line with FCA requirements, TIML carries out an ICARA process to ensure that it has appropriate systems and controls in place to identify, monitor and, where appropriate, reduce any material harms that may result from the operation of its business. TIML also reviews material harms across its risk appetite categories.

Principal risks

The following pages of this Report show our assessment of the principal risks that we face, along with how the risk has changed during the year. These are not in order of priority, but summarise the key risks faced by the Group. The Board continuously evaluates and assesses new and emerging risks throughout the year, aiming to identify potential threats that may impact the Group's operations, reputation and objectives. This proactive approach enables us to stay ahead of potential disruptions, make informed decisions and adapt our strategies to implement appropriate risk mitigation measures. Risks are added to or removed from principal risks following review and assessment by the Audit and Risk Committee. During the year, there have been five new principal risks added: Adverse market returns relating to climate performance; Climate-related policy, legal and regulatory changes; Changes in the priorities of generational wealth; Technological risk; and Reputation risk relating to ESG activities. These have been emerging risks which are now considered to be principal risks for the Group due to the impact they could have on the Group in the medium term.

BOARD

EXECUTIVE MANAGEMENT

RISK MANAGEMENT

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Ownership and management of risk within the business Each division's senior management team are accountable for identifying and managing their risks in line with the risk management framework. They are responsible for developing and maintaining effective internal controls to mitigate risk to an acceptable level.	**Risk oversight and challenge** The TAM Board, the Audit and Risk Committee, the TIML Board, the TIML Risk and Compliance Committee and those involved in compliance functions maintain a level of independence from the first line. They provide oversight and challenge of the first-line risk management activity, and provide guidance and direction on the Group's policies and procedures relating to risk management and compliance.	**Independent assurance** The Group does not operate an internal audit function (see more information on page 55); however, there are other external bodies that provide some independent assurance, perspective and challenge. Third party companies are used for reviewing and testing areas such as IT security, compliance, human resources, and health and safety.

KEY ↑ Risk increased ↓ Risk decreased — Risk unchanged

Principal Risks

Financial risks

RISK		IMPACT	MITIGATION
COUNTERPARTY CREDIT RISK A counterparty to a financial obligation may default on repayments.	—	• Unintended market exposure • Impact on Group's liquidity	• The Group trades only with reputable, creditworthy third parties • Receivable balances are proactively reviewed and escalated where appropriate • Most receivables are paid monthly
LIQUIDITY RISK The Group may be unable to meet financial liabilities as they become due because of a shortfall in cash or other liquid assets or an inability to obtain sufficient additional funding. The Group's cash position and cash generation has been strong in the year. See the Group Statement of Financial Position.	↓	• Reputational damage • Potential customer detriment • Financial loss • Unable to meet obligations as they fall due	• Profitable and cash-generative business • Active cash flow forecasting and liquidity management ensures the availability of funds at short notice • The Group maintains a cash surplus above regulatory and working capital requirements
BANK DEFAULT The risk that one of the Group's relationship banks could default.	—	• Financial loss • Unable to meet obligations as they fall due	• The Group only uses banks with strong credit ratings • Banking relationships are reviewed regularly
CONCENTRATION RISK Risk arising from lack of diversification in business activity or geography. The Group continues to grow its firm numbers and keeps its proposition under review, launching a range of Passive funds in May 2024.	↓	• Over-reliance on one business activity could lead to financial underperformance	• Broad range of business services offered, providing diversified revenue streams and a diverse and growing client base, which has increased during the year as a result of organic growth through new firms • Recruitment into the Group's sales functions in the year, in order to grow AUM across a broader client base

Industry risks

RISK		IMPACT	MITIGATION
ADVERSE MACROECONOMIC, POLITICAL AND MARKET FACTORS Economic, political and market forces particularly impacting the UK equity markets, which are beyond the Group's control, could adversely affect the value of AUM from which the Group derives revenues. In addition, these forces impact the UK housing market which in turn affects Paradigm's revenue. The ongoing impact of changes to interest rates, inflation and the cost of living has seen this risk increase during the year.	↑	• Downturns in the market and resultant falls in AUM or other income would have a negative impact on the Group's revenue and profit • Market uncertainty can lead to clients being reluctant to invest in the market, so reducing net asset inflows • Cost of living increases and uncertainty around interest rates can lead to individuals being cautious when it comes to remortgaging or moving house, thereby impacting mortgage completions • A change in government after a general election could lead to economic uncertainty or a change in policies	• The Group has an experienced investment management team with a strong track record • Investment strategies are continually monitored by the Investment Committee • A prudent approach to investment strategy means that a significant proportion of AUM is made up of lower risk appetite portfolios, which typically have a market fall correlation of approximately 60% • Paradigm has a comprehensive panel and a growing number of firms to drive mortgage completions
REGULATORY RISK Changes to or new legislation and/or regulation, for example, the new consumer duty or changes to interpretation and/or failure to comply with existing legislation and/or regulation, may adversely impact the Group's operations and competitive position.	—	• Poor conduct could have a negative impact on providing good customer outcomes, impacting the Group's ability to achieve strategic objectives • Related negative publicity could reduce customer confidence and affect the ability to generate net asset inflows • Complaints and claims from third parties and clients in connection with the Group's regulatory responsibilities could have an adverse impact on the Group's financial condition • Regulatory fine and/or censure • Aspects of the FCA's Sustainability Disclosure Requirements ("SDR") come into force from May 2024, which additional requirements in July 2024 and over the subsequent years to December 2026. These rules aim to enhance sustainability disclosures and promote responsible investment	• Robust compliance and risk frameworks are in place across the Group • The Group delivers strong regulatory and compliance support to clients through dedicated compliance teams and systems • The Group's strong financial position ensures that it can meet its regulatory capital requirements and it also provides a safeguard, should further changes to regulatory capital requirements occur • Regulatory support is a core business stream for the Group, and a strong risk culture exists throughout the Group • Consumer Duty requirements are embedded into the Group's services, with the Paradigm Division providing Consumer Duty programs to continue to support firms in this area • The Group is currently reviewing all guidance and considering the implications of SDR to the business, to ensure that we comply appropriately when the additional rules and guidance come into force

Principal Risks continued

Industry risks continued

RISK		IMPACT	MITIGATION
CHANGE TO UK TAX LAW A change to UK tax law could adversely impact the performance and attractiveness of long-term saving and investment through pensions and other wrap products. Changes in the macroeconomic environment as well as a general election on the horizon have heightened this risk.	↑	• Increase in taxes and the tax treatment of investments could result in a reduction in savings and investment in pensions and other wrap products, thereby reducing AUM and the Group's revenue	• Broad service offering, providing diversified revenue streams
CHANGING COMPETITIVE ENVIRONMENT The market environment in which the Group operates is highly competitive with fast-changing characteristics and trends. Factors which can shift over time include: preferences between advisory/discretionary, outsourcing regulatory responsibilities/in-house provision, among many others. AUM growth among the Group's competitors have shown this risk has increased during the year	↑	• Loss of competitive advantage such that AUM and client number targets are adversely impacted. This would have a negative impact on revenue and profitability	• Broad service offering providing diversified revenue streams across an increased number of platforms • Highly competitive price points • Deep industry experience and strong client relationships resulting in a loyal customer base • Strong brand and excellent reputation
ADVERSE MARKET RETURNS RELATED TO CLIMATE PERFORMANCE Assets with exposure to climate-related market risks may suffer poor performance during a transition to a lower carbon economy, affecting Tatton's portfolio returns and client outcomes. As firms increase their focus in this area, more action is being taken which could lead to increased costs or market uncertainty and volatility which has increased the risk this year.	↑	• Market volatility stemming from environmental regulations, consumer preferences and technological shifts could lead to fluctuations in the valuations and returns of financial assets • Reduced short-term returns might result in a decline in AUM, potentially adversely affecting the Group's revenue and profit • Uncertainty in market performance may cause clients to hesitate when investing, thereby reducing net asset inflows • If opportunities from changes across the industry aren't identified it could lead to reduced returns, and/or net asset outflows	• Portfolios contain a range of c.20 to 40 funds per portfolio and are, therefore, highly diversified • Investment strategies are continually monitored by the investment committee, with a specialised ethical investment committee to monitor and review the evolving markets with exposure to climate-related risks • Tatton has a 10-year track record of relevant experience in running our Ethical portfolios • As part of our fund research process, we utilise third-party providers to screen funds in evaluating their exposures
CLIMATE-RELATED POLICY, LEGAL AND REGULATORY CHANGES New environmental and sustainability-related disclosure requirements, or regulations applicable to Tatton's investment products, leading to additional compliance and operational costs. Tatton is reporting under TCFD for the first time in 2024, and with increasing regulation and disclosure requirements, this risk has heightened during the year.	↑	• An increase in operating costs and the required resources to adhere to new climate-related policies and regulations would decrease the Group's profit • Stricter climate policies may require companies to adhere to new regulations, such as emission standards or carbon pricing mechanisms. Failure to comply could result in financial penalties or reputational damage • Claims and complaints from clients or third parties related to the Group's regulatory duties around climate policies could have a negative impact on the Group's financial standing	• The Group has experienced in-house resources and a robust Project & Change Committee governance structure to ensure that the business can readily adapt to changes in market • Tatton's ethical investment committee regularly monitor changes in policies and regulations to identify opportunities in market performance
CHANGES IN THE PRIORITIES OF GENERATIONAL WEALTH As financial assets are passed down from one generation to the next, younger investors may have a different view of how their inheritance is managed. This could lead to younger investors moving their assets to alternative products or providers. This risk is considered to have increased this year as these generations take on wealth from the generation above them.	↑	• Younger investors, such as Generation X and millennials, may prioritise sustainable/socially responsible investments over financial returns, leading to an increased demand for ESG investment opportunities and impact traditional investment strategies • Increased likelihood of younger investors embracing technologically driven investments platforms, virtual investment advice or via artificial intelligence ("AI"), leading to a greater emphasis on online investment tools and apps for managing portfolios and accessing financial advice • Younger generations may allocate capital and funds differently from previous generations, which has the potential to impact the value of AUM in the market	• Tatton was a first mover in the ethical investing space, launching our first Tatton Ethical Model in 2014 in response to adviser demand, following client planning conversations • The Group puts the IFA at the heart of everything we do, enabling a relationship built on trust and shared insight, which allows Tatton to be at the forefront in adapting to changing client needs • Tatton operates as an on-platform only MPS DFM service, as we believe this provides transparency and accessibility to client investments, following the continued shift in new technological tools
TECHNOLOGICAL RISK The risk of innovative technologies fundamentally changing business operations. The emergence of disruptive technologies like AI (artificial intelligence) has the potential to reshape how trading, investment advice, customer service and portfolio management are approached both within the Group and across the wider market, increasing the level of this risk. There is also a risk that the development, execution, and administration of these technologies might not align with future business needs, posing potential challenges.	↑	• AI has the substantial potential to enhance our operational efficiency but also poses its own risks • Failure to invest sufficiently in, implement and oversee new technology that meets our operational needs could have a significant impact on the service we offer to IFAs and their clients • Technological malfunctions may result in financial or regulatory repercussions, as well as harm to our reputation	• We aim to embrace artificial intelligence, initially concentrating on internal operations rather than customer-facing activities, to continue to enhance operational efficiency • The Group conducts routine architectural assessments of applications and the supporting infrastructure and services • Our rigorous business continuity plans and testing procedures ensure the resilience of critical systems in the event of service interruptions

Operational risks

RISK		IMPACT	MITIGATION
FAILURE OF A THIRD PARTY SERVICE PROVIDER The Group manages its investments through the use of third party service providers, e.g. platform/authorised corporate director providers. Operational failure or cessation of the trade of a significant third party could have a material adverse impact on the Group's reputation, operations, financial performance and growth.	—	• Poor conduct could have a negative impact on providing good customer outcomes, impacting the Group's ability to achieve strategic objectives • Related negative publicity could reduce customer confidence and affect the ability to generate net asset inflows • Complaints and claims from third parties and clients in connection with the Group's regulatory responsibilities could have an adverse impact on the Group's financial condition • Regulatory fine and/or censure	• Due diligence is performed when selecting key suppliers • The Group is covered by third party indemnities for business-critical services • Third party relationships are subjected to a high level of ongoing oversight, including due diligence and regular governance meetings. This gives assurance that third party platform providers meet the Group's high standards
FAILURE TO RECRUIT AND RETAIN QUALITY PERSONNEL The Group operates in a competitive market for talent, and failure to recruit and retain key personnel could adversely impact the Group's operational performance.	—	• Loss of key staff • Inability to service client needs • Reputational damage • Compromised working conditions and morale of other staff members • Fall behind peers in competition and proposition	• Recruitment programmes are in place to attract suitable staff • As a successful AIM listed business, we continue to attract and retain high-calibre candidates • Staff share schemes are in place to incentivise staff and encourage long-term retention • On-the-job training and professional qualifications to enable staff to develop
FAILURE OF INVESTMENT STRATEGY The risk that the investment strategy fails to maintain an acceptable level of performance, particularly in times of significant market volatility, resulting in a decline in revenues and in the value of assets from which revenues are derived. The risk Tatton portfolios are not seen as competitive in risk/return terms relative to internal/external benchmarks, as well as peers.	—	• Negative impact on the achievement of AUM, net inflows, and client number strategic targets • Poor client outcomes that also prevent the achievement of our growth targets • Reputational damage	• The Group has an experienced investment management team with a strong track record • Investment strategies are continually monitored by senior management, the Investment Committee and the Board • Portfolios are regularly benchmarked against internal, external, and peer comparators, with investigations undertaken when warranted
LOSS OR FAILURE OF A KEY IFA CLIENT The Group has several major IFA clients and Strategic Partnerships. A change in relationship or termination of business with any of these, for example, as a result of consolidation, and the Group being unable to replace them in a timely fashion could have an adverse impact.	—	• Negative impact on achievement and the retention of AUM • Failure to achieve growth targets and requirement to provide commentary giving a rationale around this • Reputational damage, risk that TAM Group is not perceived as a leader in its field	• The Group has a clearly defined business development strategy and a broad service offering • The Group continues to add member firms, thereby diversifying its client base Client engagement is proactively managed by dedicated client managers who have in-depth knowledge of the IFA industry and expert regulatory and compliance knowledge • The TIML DFM fee is competitively priced in the market
SYSTEM FAILURE, CYBER SECURITY AND DATA PROTECTION The risk that operations are impacted or that data loss or a data breach occurs due to system error, malfunction or malicious external breach. There has continued to be an increased level of attempted financial fraud across the industry over the past year and increased cyber security risks.	↑	• Related negative publicity could damage customer and market confidence in the business, affecting our ability to retain and attract new customers • Information security breaches could result in fines/censure from regulators, the Information Commissioner's Office and the FCA	• An experienced in-house team of IT professionals, supported by reputable and established third party suppliers • IT disaster recovery procedures in place • Data Protection Officers appointed and penetration testing conducted regularly • Increased awareness and training of employees, as well as increased monitoring of cyber security threats
REPUTATIONAL RISK RELATING TO ESG ACTIVITIES If Tatton is perceived to have an inadequate response to ESG-related activities, such as to climate change and a lower carbon economy, this could potentially harm its brand and reputation. Reputational damage can be caused by not meeting stakeholder expectations or our commitments, could lead to lower customer demand or reduced access to talent or finance. Due to the increased focus on climate change in the market, this risk is considered to have increased in the year with an increased level of consideration being given to it by the Audit and Risk Committee and the Board.	↑	• The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners and investors • An inability to deliver change can result in reputational damage to the Group, making it difficult to attract customers and talent • Reputational damage driving resource shortfalls may impact quality and service and could lead to a decline in consumer service and their outcomes • Deterioration in the market perception of Tatton could lead to outflows or reduction in assets under management • Reputational damage with regulators could lead to increased capital requirement or other financial implications	• We have set up a climate-related working Group to ensure that we are able to comply with regulatory requirements in good time • The business culture, processes and controls result in the group upholding its reputation of integrity, transparency and consistency, fostering strong and mutually beneficial relationships with IFAs, employees, third-party providers and regulators • We provide ethical investment options as part of our range, and review our product literature to ensure that it meets the test of being fair, clear and not misleading • We are reviewing the FCA's Sustainability Disclosure Requirements and investment labels package of measures, to ensure that we meet the new requirements • We have embedded the TCFD recommendations and are continuing to consider areas in which to develop our reporting in the future

Chief Financial Officer's Report

GROWTH DRIVES STRONG FINANCIAL RESULTS

Overview

The Group has demonstrated again the strength of its business model. Despite a year of geopolitical tensions, global inflation and the resulting high interest rates, the Group has continued to deliver its market leading, customer-focused service across both Tatton and Paradigm. The financial performance of the Group has continued to go from strength to strength, delivering record net inflows that have driven double-digit growth in revenue and adjusted operating profits[1], with operating profit remaining broadly in line year on year. The Group's strong financial fundamentals are also demonstrated on the balance sheet, with high liquidity through a cash-generative operating model.

Revenue and profits

Group revenue increased by 13.9% to £36.8m (2023: £32.3m). Due to the continued growth in our AUM, Tatton's investment-related income now accounts for 83.9% (2023: 80.2%) of our total Group revenue, a trend that is anticipated to continue through our focused strategy and continuation of current market trends. Tatton revenue increased by 19.0% to £30.9m (2023: £25.9m). While many asset managers have continued to see outflows and redemptions this year, Tatton's AUM/AUI[1] increased by 26.9% to reach £17.6bn (2023: £13.9bn), driven by our highest-yet net inflows of £2.3bn, 18.1% of opening AUM, with markets adding a further £1.5bn in the year. As Tatton's AUM was significantly higher in March 2024 than in March 2023, the level of trade receivables and accrued income on the balance sheet has also increased significantly from £2.9m to £4.3m.

Tatton's adjusted operating profit[1] increased by 22.8% to £19.4m (2023: £15.8m) and its adjusted operating profit margin[1] increased to 63.0% (2023: 61.1%). Its operating profit increased to £18.6m (2023: £17.0m), with a fall in margin from 65.6% to 60.2% due to the impact of an impairment in the investment in 8AM of £1.3m.

Paradigm's adjusted operating profit[1] fell to £1.8m from £2.4m due to a reduction in mortgage completions in the year, which we had anticipated. There was a similar reduction in operating profit to £1.5m (2023: £2.2m). While the UK gross mortgage market fell by 29%, Paradigm's completions fell by only 9.7% to £13.1 billion, a robust performance in the circumstances. Paradigm's adjusted operating profit[1] margin decreased to 29.9% (2023: 37.5%) with operating profit margin of 25.6% (2023: 34.5%). Paradigm is obviously leveraged to the UK mortgage market and we anticipate margins increasing in line with the expected increase in completion volumes in the coming year.

Group operating profit was £16.5m (2023: £16.6m). This includes the increase in administrative expenses of £3.3m in the year, of which £1.0m relates to separately disclosed items; this excludes the £1.25m impairment on 8AM not included within administrative expenses. Underlying growth in costs excluding these items is £2.3m, or an increase of 14.3%. Of this growth, 11.7% is people cost related, relating to investment in new employees and salary increases, with 5.2% relating to variable pay that reflected the strong net inflows and financial performance this year. The remaining increase in administrative expenses predominately reflects the investment in marketing and distribution activity, along with governance and compliance costs. Operating profit also includes a gross contribution of £0.5m from the disposal of our AIM portfolio in September 2023. The net impact year on year is a modest increase of £0.3m when including the revenue foregone in the second half of this year.

Results of joint ventures

The Group's share of the loss from joint ventures is £1.2m (2023: £0.2m profit), including £1.3m of impairment of the investment in 8AM. Further details are included in note 13.

Separately disclosed items

Separately disclosed items are adjusting items to Operating profit and total £2.1m. This includes the cost of share-based payments of £1.5m, in line with the prior year of £1.5m, amortisation of acquisition-related intangible assets of £0.6m, a credit relating to fair value gain on contingent consideration of £1.4m, and an exceptional item of an impairment loss of £1.3m, as detailed above. An adjustment has also been made to remove the operating loss relating to the non-controlling interest in Fintegrate Financial Solutions Limited ("Fintegrate"), a small investment made during the year, of £0.1m to reflect the Adjusted operating profit[1] attributable to shareholders of TAM.

At March 2024, one contingent consideration payment remained outstanding relating to the acquisition of 8AM, which is dependent on reaching target profitability. At the year end, the Group has considered the performance of the business and released £0.9m of contingent consideration liability, leaving £nil remaining on the balance sheet. The fair value of the two contingent consideration payments remaining relating to the Verbatim funds, acquired in 2021, has also been reduced by £0.5m. These releases have contributed to the reduction in the balance of trade and other payables as at March 2024 to £9.1m (2023: £10.2m), along with a payment of contingent consideration of £0.9m. In the prior year, the fair value gain on contingent consideration was £2.7m.

STATUTORY	MAR-24	MAR-23
Operating profit (£m)	**16.464**	16.610
Basic EPS (p)	**21.39**	22.43
Diluted EPS (p)	**21.02**	21.70
Cash generated from operations (£m)	**16.930**	15.790

ALTERNATIVE PERFORMANCE MEASURE	MAR-24	MAR-23
Adjusted operating profit (£m)	**18.514**	16.402
Adjusted basic EPS (p)	**23.73**	21.72
Adjusted fully diluted EPS (p)	**22.91**	20.61
Cash generated from operations before exceptional items (£m)	**16.930**	16.188

Alternative performance measures ("APMs")

A comparison between key statutory measures and APMs is detailed in the table above, with further information as to the reconciliation between the two measures being provided in note 27. The APMs provide additional information to investors and other external shareholders to provide additional understanding of the Group's results of operations as supplemental measures of performance. The APMs are used by the Board and management to analyse the business and financial performance, track the Group's progress and help develop long-term strategic plans. Some APMs are also used as key management incentive metrics.

Finance income/(costs)

The Group has recognised finance income of £0.6m (2023: £nil) due to the interest received on corporate cash. Finance costs have reduced from £0.6m to £0.4m as a result of the Group's banking facility coming to an end in the year.

Taxation

The Group's tax charge for the year is £3.8m (2023: £2.6m), an effective tax rate of 23% (2023: 16%). The charge has increased this year, largely due to the increase in the corporation tax rate to 25%. In addition, the prior year's effective tax rate was reduced due to release of £2.7m of contingent consideration which is non-taxable. This year's results included non taxable income of £1.4m relating to the release of contingent consideration, offset by the £1.3m impairment loss which is not deductible. The Group has recognised a deferred tax asset of £2.7m (2023: £1.3m), which has grown in the year due to the increase in the value of unexercised share options as a result of the increase in TAM's share price. This deferred tax asset is expected to be recoverable against future profits.

Acquisition

During the year, the Group acquired a controlling interest in Fintegrate, a digital financial planning software company. The acquisition of Fintegrate was made in order to broaden the support services that the Group can offer to its IFA firms. The Group paid £0.5m for 56.49% of the share capital of Fintegrate, and has recognised on acquisition £0.5m of goodwill and £0.4m of software; see note 25.

Statement of financial position and cash

The Group's balance sheet remains strong, with net assets of £43.3m (2023: £41.8m) and cash of £24.8m (2023: £26.5m). The Group maintains a very strong operating cash conversion of over 90%; however during the year, there was a reduction in cash held on the balance sheet, explained by strategic cash allocation decisions. In addition to the items already detailed, the Group acquired 658,800 of its own shares for £3.3m in the Employee Benefit Trust for the purpose of managing employee incentives and to protect against future share price fluctuations. We also paid £10.8m in dividends this year.

Our financial resources are kept under continual review, ensuring that we have headroom over our regulatory capital requirements at both a Group and entity level. We formally review comprehensive stress and conduct scenario testing on at least an annual basis.

£'000	31-MAR 2024	31-MAR 2023
Total equity	**43,334**	41,781
Less: Foreseeable dividend	**(4,841)**	(6,000)
Less: Non-qualifying assets	**(21,405)**	(20,972)
Total qualifying capital resources	**17,088**	14,809
Less: Capital requirement	**(4,274)**	(4,400)
Surplus Capital	**12,814**	10,409
% Capital resource requirement held	**400%**	337%

Capital allocation

As we grow, capital allocation decisions will continue to be made in a manner that supports the Group's strategic objectives, maximises shareholder value and sustains long-term growth. We will continue to invest in strategic initiatives through prioritising organic investment in our product offering but also by making strategically aligned investments and acquisitions. This year, return on capital employed[1] was 41.9% (2023: 42.2%). The Board regularly reviews the Group's capital structure to ensure alignment with the Group's strategic objectives and will respond, should the needs of our business and market change.

Earnings per share ("EPS")

Basic EPS reduced slightly to 21.39p (2023: 22.43p). Despite the growth in revenue in the year, the prior year results included the release of £2.7m of contingent consideration, with a smaller further release in the current year of £1.4m. This, along with £1.3m of impairment in the investment in 8AM, have contributed to the reduction in basic EPS. However, removing the impact of separately disclosed items, adjusted fully diluted EPS[1] has increased by 11.2% to 22.91p (2023: 20.61p), with adjusted diluted EPS of 23.32p (2023: 21.01p).

Dividends

The Board is recommending a final dividend of 8.0p. When added to the interim dividend of 8.0p, this gives a full year dividend of 16.0p (2023: 14.5p), an increase of 10.3% on the prior year. This proposed dividend reflects our underlying confidence in our business and follows the 50/50 split highlighted at the half year, maintaining our policy of paying a dividend that is approximately 70% of the adjusted earnings. If approved at the Annual General Meeting, the final dividend will be paid on 6 August 2024 to shareholders on the register on 28 June 2024.

Risk management

Risk is managed closely; it is spread across our businesses and managed to individual materiality. Our principal risks have been referenced primarily on pages 23 to 25. We choose key performance indicators that reflect our strategic priorities of investment, growth and profit, and these are detailed on pages 18 and 19.

The Strategic Report found on pages 1 to 45 has been approved and authorised for issue by the Board of Directors and signed on their behalf on 17 June 2024 by:

PAUL EDWARDS
CHIEF FINANCIAL OFFICER

1. Alternative performance measures are detailed in note 27.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") OVERVIEW

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

ENVIRONMENTAL

2024 Highlights
- Monitoring and gathering data on Scope 1 and 2 carbon emissions, and some Scope 3 emissions
- On track to issue Tatton Investment Management Limited's TCFD report in June 2024, with a summary detailed on page 36 and 37.
- Monitoring and reporting on climate-related risks

Targets
- Increase the level of reporting of our Group's Scope 3 emissions
- Publish inaugural TCFD Report for Tatton Investment Management Limited

Read more on pages 35 to 37

SOCIAL

2024 Highlights
- Carried out a second staff survey with an overall improvement in results (see more details on page 38)
- Additional management training provided to senior managers
- Increase in participation in charitable initiatives, including donations and volunteering days

Targets
- Roll out further management training to line managers
- Continue to encourage employees to understand social responsibility and the role they can play

Read more on pages 38 to 41

GOVERNANCE

2024 Highlights
- Continued improvement in governance over climate-related risks and opportunities
- TCFD Working Group set up in the year
- Director training on Responsibility and Cybersecurity

Targets
- The Board will review the 2023 QCA Code to disclose against for its FY25 Annual Report
- The Board is committed to continually evolving its governance frameworks, responding to the requirements of regulation, best practice, our stakeholders and the increasing complexity of a growing company

Read more on pages 30 to 34

Our corporate responsibility philosophy

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

1. Ethical and Transparent Business Practices: We believe in conducting our business with integrity, honesty and transparency. We adhere to the highest ethical standards and comply with all relevant laws and regulations.

2. Engaging with Stakeholders: We are committed to engaging with our stakeholders, including IFAs, their clients, employees, shareholders, suppliers, regulators and communities, to understand their needs and concerns. We seek to build long-term relationships based on trust, respect and collaboration.

3. Employee Wellbeing and Development: Our employees are our most valuable asset. We strive to create a workplace that is safe, inclusive and supportive. We invest in our employees' development and provide opportunities for career growth and advancement.

4. Environmental Stewardship: We recognise our responsibility to protect the environment and minimise our impact on natural resources. We aim to reduce our carbon footprint, conserve energy and water, and promote sustainable practices throughout our operations.

5. Community Engagement: We are committed to making a positive impact in the communities where we operate. We aim to support local organisations and initiatives to help address social challenges.

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

Q&A

WITH CHRIS POIL, OUTGOING CHAIR OF THE ESG COMMITTEE AND NON-EXECUTIVE DIRECTOR, AND LOTHAR MENTEL, CIO

What were the biggest highlights and learning points from this year's Staff survey?

Chris: I was delighted to see the level of positive responses from the staff survey, particularly around there being an open and honest culture at TAM, and also about how we support employees with their professional development. We continue to focus on encouraging employees to make the most of opportunities to spend a day volunteering and to support the Group's nominated charities through individual and team fundraising.

What are the key priorities for the Group from an ESG standpoint this year?

Chris: We strive for continuous improvement, and will be aligning our governance with the new QCA Code and will continue to seek feedback from our people and respond appropriately. I have passed over the role as Chair of the Committee in the new financial year to Lesley Watt who will look to make further progress across our ESG priorities.

Lothar: Our investment philosophy and process continue to focus on portfolio stewardship, keeping portfolios aligned with clients' long-term investment objectives in the face of an ever-changing world. For our Ethical MPS service our aim is to invest in best-in-breed ethical funds that have standards similar to those with which we aspire for our portfolios and can also deliver attractive performance to investors.

How does the Group ensure transparency and accountability in its ESG practices?

Lothar: TIML falls under the FCA's requirements for TCFD and also, in FY25, for Sustainability Disclosure Requirements. With effective Board and Committee oversight, robust risk management and transparent reporting, we actively seek to foster accountability and trust with our stakeholders.

How have the impacts from energy and cost of living crises over recent years affected TAM's climate change strategy?

Chris: These recent issues have presented short-term uncertainty, to which we have responded by increasing our use of renewable energy and supporting our employees through this temporary challenge. While short-term issues are inevitable as we transition to a lower-carbon economy, our focus remains on a long-term strategy, embedding climate considerations across all aspects of our business.

ESG and TCFD continued

ESG: GOVERNANCE

ESG COMMITTEE

LESLEY WATT
INDEPENDENT NON-EXECUTIVE DIRECTOR

PAUL EDWARDS
CHIEF FINANCIAL OFFICER

JUSTINE RANDALL
CHIEF COMMERCIAL OFFICER, TATTON

CLAIRE MACNEILL
SECRETARY TO THE BOARD

LOUISE COLEMAN
HEAD OF FINANCE

RICHARD GOPPY
DIRECTOR OF MEMBERSHIP, PARADIGM

TAM PLC BOARD
The Board is responsible for the long-term success of the Group; it is ultimately accountable for the Group's ESG Strategy and is responsible for providing oversight of management decision making.

↓

AUDIT AND RISK COMMITTEE
Responsible for ensuring the integrity of the Group's ESG-related financial disclosures and the reporting of ESG-related risks

REMUNERATION COMMITTEE
Responsible for the oversight of remuneration against performance metrics and targets, designed to support our ESG Strategy and promote long-term success

NOMINATION COMMITTEE
Reviewing the structure, size and composition of the Board and Board Committees to ensure that they are set up to progress the ESG Strategy

DIVISIONAL AND OPERATING COMPANY BOARDS
Responsible for the management and implementation of ESG activities

↓

ESG COMMITTEE
Responsible for driving forward ESG priorities, which are signed off by the Board. These ESG priorities form part of our strategy for creating value for all our key stakeholders.

TCFD WORKING GROUP
This group was newly established this year and is responsible for understanding and delivering the FCA requirements for Tatton Investment Management Limited to prepare a TCFD report.

KEY RESPONSIBILITIES
Lesley Watt – appointed to lead the ESG Committee, taking over from Chris Poil in March 2024
Paul Edwards – nominated Board member responsible for gender diversity inclusion
Justine Randall – Women in Finance Ambassador

ETHICAL INVESTMENT COMMITTEE
The Ethical Investment Committee plays a pivotal role in guiding and overseeing Tatton Investment Management Limited's ethical investment strategies and decisions. Their primary responsibility is to evaluate a range of investment opportunities through a rigorous ethical lens, considering factors such as environmental impact, social responsibility, corporate governance and adherence to global sustainability standards. The Committee conducts thorough research using a number of tools, engages with stakeholders and assesses the long-term viability and ethical implications of potential investments. More information on the ethical investing process is provided on pages 32 to 34.

The TAM Board oversees the Group's business conduct, strategy development, and the integration of our ESG principles and values into the Group's culture. Our ESG Committee coordinates our ESG priorities and activities, and reports to the Board.

Governance

TAM plc understands the importance of good governance and strives to apply the best practices in its operations. In this regard, the Company has implemented the principles of the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code"). The QCA Code is designed around 10 fundamental principles, each accompanied by an explanation of what it means and a set of disclosure requirements. These principles provide a robust framework for ensuring that the Company is run effectively, transparently and in the best interests of its stakeholders. Our compliance with these principles and the relevant disclosure requirements can be found on pages 51 and 52 of this report and on the Group's website. The Company is committed to maintaining the highest standards of corporate governance, and the principles of the QCA Code will continue to guide its practices in the future. We are reviewing and considering the requirements of the 2023 QCA Code and will report on these in the FY25 Annual Report and Accounts.

Regulation and financial crime

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

Tax strategy

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

Cyber and data security

We place a high priority on information security, including cyber security and data protection, to safeguard against external dangers and insider threats. The Company's cyber security strategy is centred around the identification, protection, detection, analysis and response to known or emerging cyber threats, as well as effective risk management and resilience in the event of cyber incidents. The Group's cyber security programme is built around the National Institute of Standards and Technology ("NIST") cyber security framework and includes ongoing training for employees to help them recognise and respond to information and cyber security risks, as well as the initiation of procedures to prevent, identify and escalate cyber security concerns. A desktop training exercise has been carried out by the Board and senior managers to increase understanding and prepare and improve its policies and procedures around cybersecurity risks.

Political donations

The Group has a policy of not making political donations, but makes allowances and resolutions at its AGM for political donations of up to £5,000 in aggregate.

ETHICAL INVESTING

AUM IN ETHICAL PORTFOLIOS

£1,302m

NUMBER OF CLIENT ACCOUNTS IN ETHICAL PORTFOLIOS

13,250

NET FLOWS INTO ETHICAL PORTFOLIOS

£135m

ETHICAL PORTFOLIOS AUM AS A % OF OVERALL AUM

7.9%

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

Environmental
Considerations for the environment, pollution and climate change

Social
Socially responsible practices, human rights, equality and data security

Governance
Positive employment practices, business ethics and diversity

Tatton's approach to ESG investing

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

The landscape is now densely populated with a broad range of ethically themed funds, discretionary offerings and sustainably themed solutions. Tatton is able to differentiate in this space through our near decade of relevant experience in running our Ethical portfolios and track record of past performance, and our ongoing adviser feedback reiterates the importance of our transparent approach to fund selection, competitive pricing and risk profiled alignment. We believe it is this combination of approaches that has led to our continued growth in ethical assets under management, now at £1.3bn of clients' assets.

As a thought leader and pioneer of ESG investing, we recognise the challenges the sector now faces and remain committed to our mantra to listen to adviser feedback as to what clients want and need to see in their ethical solutions. Our fund selection approach of positive and negative screening complements the consistency in approach across Tatton's full range – the application of our proprietary research and due diligence combined with screening based on robust processes and investment performance.

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

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

Tatton's ethical investment process

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

Tatton was a first mover in the ethical investing space, launching our first Tatton Ethical Model in 2014 (Tatton Ethical Balanced) in response to adviser demand following client planning conversations. The range was extended to include all risk profiles in 2018 and further input sought from clients as to the mix of investments they would prefer to see both in scope and out of scope via screening for the Tatton Ethical range as it was expanded. This led to the creation of the Tatton positive and negative screening approach – see page 34, which we keep under review to ensure our screens are appropriate.

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

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

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

Research Tools

MORNINGSTAR® Bloomberg CLARITY AI SUSTAINALYTICS

ESG and TCFD continued

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

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

NEGATIVE SCREENING
USING DATA TO LIMIT EXPOSURE TO PRODUCTS OR SERVICES WE AIM TO KEEP TO A MINIMUM IN THE ETHICAL PORTFOLIOS

- Alcohol
- Animal testing (for cosmetic purposes)
- Armaments
- Fossil fuels
- Gambling
- Pornography
- Tobacco

POSITIVE SCREENING
FAVOURING COMPANIES DISPLAYING CONSIDERATION FOR:

- Water and sanitation management
- Lower carbon fuel use and natural resource conservation
- Responsible packaging and recycling
- Respect for the supply chain, working conditions and human rights
- Diversity and equality in staff, strong business ethics and a high regard for employee health, safety and wellbeing

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

The outcome:

- Screen all funds for the negative screens with the aim to limit exposure
- Only invest in Government bonds from countries deemed to be free and that have a low corruption score and climate-related goals
- A more global asset allocation to increase the possible universe for investing

ESG: ENVIRONMENT

As a responsible financial services business, we strive to review and implement proactive actions to improve the sustainability of our practices. Looking ahead, we remain committed to advancing our environmental stewardship efforts. We aim to create long-term sustainable value for our stakeholders while minimising our carbon footprint by integrating environmental considerations into our business operations and practices.

Resource Conservation

We strive to manage and reduce our environmental impact and carbon footprint by the efficient use of resources and reducing waste where possible. We have a recycling programme for our confidential waste, which ensures that 100% of it is recycled. We continue to invest in more efficient IT equipment, and we ensure that any redundant IT equipment is properly destroyed and recycled for both data protection and environmental reasons.

Carbon emissions

We remain committed to reducing our carbon emissions across all aspects of our organisation. This year, we are reporting our Group's Scope 1 and Scope 2 emissions for the first time, as well as emissions from fuel used in personal cars on business (Scope 3). TAM is not currently required to report under Streamlined Energy and Carbon Reporting legislation, however it is expected that this will soon be mandatory for the Group and so information on its energy consumption and GHG emissions has been provided voluntarily this year. Tatton Investment Management Limited, our regulated entity, is reporting in line with the TCFD recommendations, disclosing the carbon emissions and other relevant metrics around its model portfolios and funds. These will be disclosed in a separate report, outside of this Annual Report and Accounts, and will be made available on the company's website. Our main environmental impacts are largely as a result of UK-based travel and the emissions and consumption of resources at our business premises. We hold virtual meetings where appropriate, reducing travel if not required. We have three offices, and one of these is on a renewable energy plan for its electricity. Renewable energy is becoming more locally available and cost-effective, and we will continue to work with our landlords, the other tenants in shared buildings, and utility suppliers to move towards more renewable fuel energy plans. Currently, electricity consumption from renewable sources represents 40% of our total electricity use, and has increased to over 80% in April 2024 following a change to a renewable sources electricity plan at one of our offices.

We primarily communicate internally and with external stakeholders through digital channels where possible, which has enabled us to reduce paper waste, whilst ensuring secure communication and information storage. We continue to invest in our Tatton portal, which enables IFAs to access our investment literature and view their customers' portfolios online, reducing reliance on paper-based brochures and other documents. With a relatively small number of employees in three UK offices, the Company has reduced UK travel for work by the use of video conferencing and the continued implementation of hybrid working, thus reducing the need for UK-based travel. We will continue to focus on these areas as we address both energy security issues that have come to the fore, particularly over recent years, and also in issues related to the risks of climate change and our transition to net zero.

The Group's carbon footprint was calculated using an operational control approach, where entities over which the Group has 100% operational control are included in the Group's Scope 1 and 2 emission categories. To calculate TAM's carbon footprint, we followed the Greenhouse Gas Protocol Corporate Standard. Our Scope 1 primary carbon impact occurs due to the use of gas at one of our premises. Our Scope 2 emissions are related to energy purchases of electricity at each of our three office locations and for the purposes of transport. The emissions from fuel used in personal cars on business use has been disclosed as Scope 3. We will continue to develop and increase the level of reporting, incorporating additional Scope 3 emissions into our report. Actions to drive progress within our operations across the Group's carbon emissions are:

- Increase the level of energy consumption from renewable sources as a proportion of our total electricity use.
- Engage with our landlords and utility suppliers to transition to more renewable energy sources.
- Increase the level of data captured around Scope 3 emissions to be able to increase reporting going forward.

SOURCE OF ENERGY AND EMISSIONS	ENERGY CONSUMPTION (KWH)	GHG EMISSIONS (TCO_2E)
Measured Scope 1 emissions	13,933	2.5
Measured Scope 2 emissions	55,920	17.0
Total Scope 1 & Scope 2 emissions	**69,853**	**19.5**
Scope 3 emissions	150,375	36.6
Total Scope 1, 2 and 3 emissions	**220,228**	**56.1**
Intensity per FTE	2,181	0.6

Methodology for calculations

Energy consumption for Scope 1 and 2 gas and electricity use in kilowatt-hours has been taken from supplier invoices where possible, with estimates being used where energy usage has been allocated to a shared building based on floor area (6% of the total). Where possible, this has been multiplied by the kgCo2e/kWh conversion factors provided by suppliers, but where this is not available, the UK Government GHG Conversion Factors for Company Reporting ("GHG Conversion Factors") have been used. Mileage of employees using their own car for business use is recorded in our expenses system and this is converted into kWh and tCo_2e using an average car size GHG Conversion Factor. The most relevant intensity ratio for our organisation and sector is considered to be intensity per full time equivalent employee ("FTE"). The average number of FTEs in the year is 101.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES SUMMARY

The Task Force on Climate-related Financial Disclosures ("TCFD") was formed with the objective of improving the transparency of climate-related risks and opportunities within financial markets. As a Group, we are aligned with this objective and are working to continually improve the transparency of our reporting regarding how climate change will impact our business. We recognise the importance of not only reporting the impact of climate change on our business, but also of working towards the UK Government's initiative in driving net zero emissions by 2050, through our own operations, investment process and supply chain.

In 2023, Tatton Investment Management Limited ("TIML") fell into the scope of the FCA's requirements for asset managers to make climate-related disclosures consistent with the recommendations of the TCFD. In 2024, TIML will prepare its own entity report and product reports. In order to meet these requirements, a small working group has been set up comprising members from across the Group, including members from Compliance, Operations, the Investment team and Finance. The entity report will include an overview of how the company, with support from the Group, considers its climate-related risks and opportunities, and how this impacts the governance and strategy of the company. The company's risk management approach is outlined, including how Tatton monitors, assesses and manages its climate-related risks. Additionally, the report sets out the carbon emissions and carbon intensity of its business operations, including those of its model portfolios and funds, with each portfolio and fund also having its own product report detailing the emissions relevant to that product.

In the table opposite, we summarise our progress against each TCFD element and provide links to where relevant information in relation to each TCFD disclosure can be found. Note that the disclosures in this Annual Report and Accounts do not include sufficient information to meet the TCFD disclosure requirements. Our comprehensive TCFD disclosures are contained in TIML's separate entity and product reports.

TCFD ELEMENT	TCFD RECOMMENDED DISCLOSURES	RELEVANT INFORMATION
GOVERNANCE	(a) Board oversight (b) Management's role	See page 30 for the structure of the Group's Governance of ESG See pages 46 and 47 for the members of the Group's Board of Directors See Tatton's TCFD report on its website in June 2024
STRATEGY	(a) Climate-related risks and opportunities (b) Impact on the organisation's business, strategy and financial planning (c) Resilience of the organisation's strategy	See pages 23 to 25 for the Group's principal risks See Tatton's TCFD report
RISK MANAGEMENT	(a) Risk identification and assessment procedures (b) Risk management process (c) Integration into overall risk management	See risk management on page 22 See Tatton's TCFD report
METRICS AND TARGETS	(a) Climate-related metrics in line with strategy and risk management process (b) Scope 1, 2 and 3 GHG emissions and related risks (c) Climate-related targets and performance against targets	See Tatton's TCFD report See more on our environmental impact on page 35

KEY INFORMATION AND PROGRESS

The Board is ultimately responsible for the Group's ESG Strategy, interacting with and giving responsibility to other committees and working groups to implement the strategy and perform elements of the process. The Tatton Board is responsible for Tatton's regulatory requirement to make disclosures aligned with the TCFD recommendations.

Climate change and climate-related risks and opportunities were discussed by both the Tatton Board and TAM Board during the year.

TAM's Audit and Risk Committee and Tatton's Risk and Compliance Committee are responsible for the Group's and company's risk management process, respectively. They identify, monitor and assess climate-related risks.

The Investment Committee and Ethical Investment Committee establish and have oversight over Tatton's investment policy, including climate-related considerations.

A working group was established to develop the required reporting and recording of data. This group involved members from various departments across Tatton and the Group to ensure delivery of the regulatory reporting requirements.

Tatton has identified and assessed the climate-related risks and opportunities it faces, including estimating the likelihood of them taking effect and the estimated impact they may have on the business. These risks have been fed back to TAM's Audit and Risk Committee; the material risks to the Group are disclosed and monitored as part of its risk management process and review of principal risks.

The climate-related risks that it has identified have been split into Transition risks and Physical risks.

Our investment process includes considering climate-related factors and we have conducted an initial climate scenario analysis in order to understand the potential impacts of climate scenarios on our investment products.

Both Tatton and the Group have made progress in embedding climate-related risks within our risk management process, assessing the climate risks faced by the business. The Group's consideration of climate-related risks is detailed in our risk management section on page 22, including our principal risks which are presented on the following pages.

Tatton measures the climate-related impacts and risks of its investments, including weighted average carbon intensity, financed emissions, financed emissions per M$ invested, fossil fuel exposure, temperature alignment and net zero alignment.

Tatton and the Group have also disclosed Scope 1 and Scope 2 carbon emissions produced through its own operations and are working towards including more metrics from Scope 3 emissions.

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

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

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

Risk management
Identification, assessment and management of climate-related risks.

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

Governance

Strategy

Risk management

Metrics and targets

ESG:SOCIAL

OUR PEOPLE AND CULTURE

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

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

The business remains small, with currently just over 100 employees, which allows the Directors to communicate with employees, not only informally throughout the year but also at annual conferences and general meetings. In addition, there are appropriate procedures in place to ensure that employees are able to raise issues through our grievance and harassment policies and whistleblowing policy, which encourages employees to report matters of significant concern to their line manager, Compliance Manager, the Board or the Chair of the Audit and Risk Committee.

Staff survey

We are really pleased to report that 75% of our people took part in our staff survey this year, an increase on the previous staff survey in 2021. This demonstrates that the survey is seen by employees as an effective and useful way of providing feedback to our decision makers in the Group. In addition, there was also an increase in the number of positive responses in the feedback, compared to the last survey.

The survey asks questions across a broad range of areas, including Roles and Development, Engagement, Culture and Corporate Responsibility.

The survey found that employees believe that TAM promotes an environment that is open and honest, one where employees feel that they are listened to and supported. The scores in the feedback from the survey show that the vast majority of employees agree, with over 80% of the responses giving very positive feedback. We give employees the opportunity for professional development in their roles to help further their career development. The survey showed that this continues to be positively received and we have had many employees who have gained professional qualifications relevant to their chosen career at TAM.

The Group has continued to address and improve on suggestions raised through the staff survey and feeds back to staff through a newsletter and also in person at the annual staff day.

Training

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

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

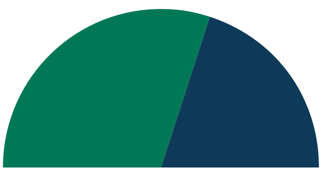
Gender breakdown

BOARD

MALE (83%)
FEMALE (17%)

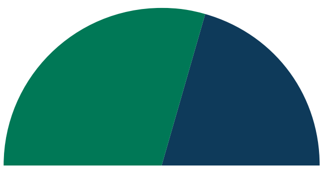
MANAGEMENT/ SUPERVISORY

MALE (60%)
FEMALE (40%)



OTHER EMPLOYEES

MALE (59%)
FEMALE (41%)



Over the last year, 26 employees throughout the Group are progressing towards or have achieved professional qualifications such as becoming a Chartered Financial Analyst ("CFA"), the CFA Ethical Investment Certificate, Investment Operations Certificate ("IOC"), Diploma for Financial Advisers ("DipFA"), and Association of Chartered Certified Accountants ("ACCA") qualifications.

We continue to monitor what training is required individually and is most effective for our people. In FY25, we will be delivering management training to Senior Managers and Team Leaders and will roll out Responsibility In The Workplace training to all employees, alongside our recurring annual training.

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

Mental health and wellbeing

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

Over the last year, we have invested in training a Mental Health First Aider in each of our offices. These individuals act as a point of contact across the organisation and will be able to recognise and support employees and their line managers regarding potential mental health challenges.

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

In the year, we have further reviewed our policies around parental leave, enhancing the benefits that we provide to our employees in this area.

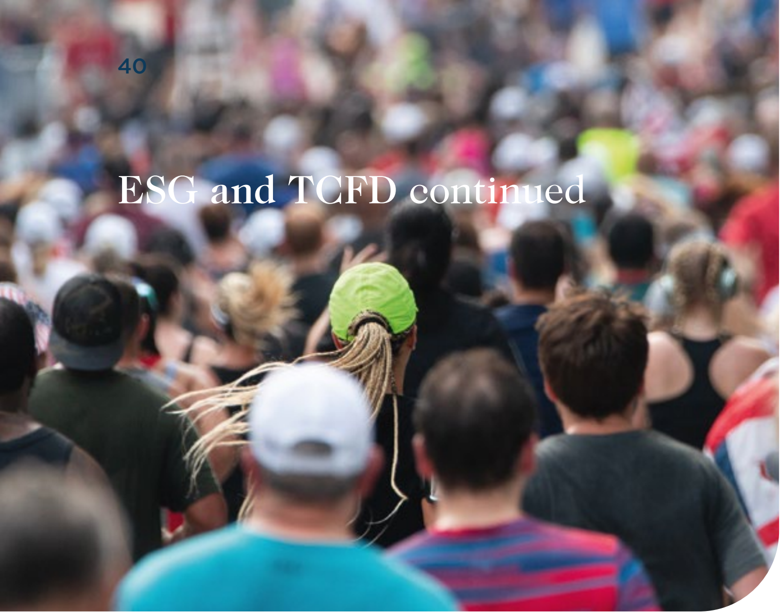
Suppliers

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

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

Charitable giving and engagement with the wider community

Over the last year, the Group has continued its commitment to giving back to the community, having contributed over £32,000 to charitable causes within the financial year ending March 2024 (2023: £30,000). After listening to its employees' voices, and in response to the employee engagement survey, each of our three offices selected their nominated charity to support during the year. Each chosen charity has received a donation alongside additional fundraising from their supporting office, including sponsored bike rides, walks and bake sales. This year, the Group's chosen charities are 2Wish, MIND, Providence Row and Destination Florida. We have been delighted with the ownership that the different offices have taken in supporting their charities and look forward to repeating this initiative next year and seeing the positive impact this can make.



Furthermore, TAM plc recognises that there are other ways of supporting the local communities in which we work, and we encourage our staff to give something back through charitable and voluntary activities. All staff are encouraged to take part in "A Day to Make a Difference", where they use paid time off work to engage in a local volunteering day. The Group has also implemented a matched fundraising programme, recognising the efforts that our employees make in supporting their local communities and other charities. We would like to express our gratitude to employees who have helped to raise funds for their given charities and we have been delighted to match their fundraising and support the positive impact that these charities are making.

We are proud of our employees who have actively contributed to the community in many ways through participating in 'A Day to Make a Difference'. During the year, on a number of occasions, some of our Paradigm Mortgages team have helped at a local Trussell Trust foodbank distribution centre to unpack and organise donations, as well as delivering donations collected by the Group and its partners in its sixth year participating in the Trussell Trust's Reverse Advent Calendar. Another team helped out at The Message Trust's Community Grocery and Mess Café, serving the local community and helping with deliveries and unpacking goods. Both of these local charities directly impact our local communities and it has been inspiring seeing the impact they have on so many lives.

Staff retention

While not taking it for granted that there can always be improvements in TAM plc becoming an even better place to work for our employees, we are delighted that our staff survey showed that 90% of our employees would recommend TAM as a good place to work, which we believe is supported by the areas already mentioned regarding training and development, mental health and wellbeing support and opportunities to become involved in supporting our local communities, amongst others. We strive to be an organisation that nurtures, attracts and retains exceptional individuals who provide a high quality of service to our customers and other stakeholders, and this is reflected in our high staff retention rates at 86% (2023: 88%).

STAFF RETENTION

86%

DIVERSITY AND INCLUSION

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

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

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

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

Gender pay gap

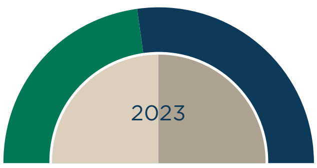
The Group recognises that women have historically been underrepresented in the investment management industry, with financial services having the largest gender pay gap. While the Group's statistics reflect this trend, they continue to improve. As of March 2024, the Group has a total of 103 permanent employees, with 40 women making up 38% of the workforce (2023: 39%). Although the Group is not required to publish its gender pay gap report, due to its employee numbers, it has conducted an analysis of its gender pay gap, which has been reviewed by the Board and Remuneration Committee. The Group seeks to create an inclusive company culture with a diverse workforce, and formal monitoring of progress towards the aim is now performed through gender pay gap reporting, which provides transparency and highlights areas for improvement.

In all cases where there are both men and women who perform the same role, they are paid equally. The mean hourly pay gap in 2024 has fallen significantly to 12% (2023: 46%), and the median hourly pay gap is now 41% (2023: 35%). It is pleasing to see a closing of the gap in the mean hourly pay; however, the gap remains in the median hourly pay. This reflects the profile of the workforce in which there are more men in senior roles than women, with 38% of senior roles being held by females (2023: 36%). The Group is committed to addressing any areas that need to be improved to narrow the gender pay gap and create a more diverse and inclusive workplace.

TAM gender pay gap by hourly pay quarter

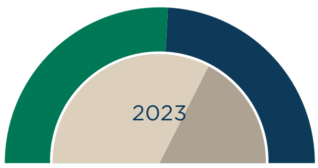
LOWER HOURLY PAY QUARTER 2024

2024: MALE (46%) FEMALE (54%)
2023: MALE (50%) FEMALE (50%)



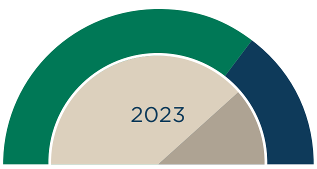
LOWER MIDDLE HOURLY PAY QUARTER 2024

2024: MALE (52%) FEMALE (48%)
2023: MALE (65%) FEMALE (35%)



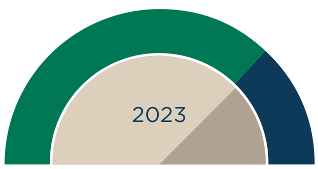
UPPER MIDDLE HOURLY PAY QUARTER 2024

2024: MALE (71%) FEMALE (29%)
2023: MALE (77%) FEMALE (23%)



UPPER HOURLY PAY QUARTER 2024

2024: MALE (74%) FEMALE (26%)
2023: MALE (75%) FEMALE (25%)



WOMEN IN FINANCE CHARTER

We continue to be subscribed to the Women in Finance Charter, demonstrating our ongoing commitment to gender diversity and talent recognition across the Group.

Our Women in Finance senior team are actively engaged with the varied initiatives led by HM Treasury in support of this growing charter.

As the Women in Finance Charter is led by HM Treasury and is supported by over 200 financial services companies across the UK, the signatory firms have created a cohesive culture in attending events, sharing best practice and developing initiatives to work as one across businesses to see improvements in gender balance at all role levels in financial services firms. We have continued to attend events, both in person and remotely, hearing from industry-recognised advocates of the WiFC initiative, and bringing ideas and cultural suggestions back to the Tatton Asset Management business.

Since the Group's decision to join the Charter in February 2022, we have broadly maintained the level of the percentage of females in senior roles (including both our Group Board and senior management team members). Senior management is defined as those responsible for a function, making independent management decisions, and who would typically have line management responsibility. Our target was and continues to be to maintain this at 30–35%, and in March 2024, 38% of our senior management roles across the Group were held by females.

Our senior management team across TAM Group remains focused on the area of diversity and inclusion and this is part of our objective setting across the Group. We are committed to taking ongoing positive steps to show our support for this objective and we look forward to publishing our progress annually. This will be available on the Company website at www.tattonassetmanagement.com

FEMALES IN SENIOR ROLES

38%

Stakeholder Engagement

ALL ALONG ON THE JOURNEY

Engaging with our stakeholders is crucial for delivering long-term value, therefore we are dedicated in fostering strong relationships with all stakeholders.

We recognise that stakeholder engagement is a continuous and collaborative process, and we remain committed to connecting with our stakeholders at all levels of the business, both internally and externally. We understand that meaningful stakeholder engagement requires regular reporting and, when necessary, escalating matters to our Board, and we are always looking for ways to enhance our engagement efforts to better serve our stakeholders. The Board is regularly briefed by management on the status and level of engagement with stakeholders via internal reports which include relevant metrics, such as firm numbers, feedback from Staff surveys, and usage of renewable energy in order to monitor and assess our stakeholder relationships.

FIRMS AND CLIENTS

Our business model centres around IFAs and their clients, and our success is based on understanding their evolving needs. We succeed by comprehending their needs and proactively anticipating future requirements, keeping our offerings competitive, relevant and poised for growth. Any key issues which are raised by firms or their clients are put forward to the Board for decision-making, where required.

Their material issues

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

How we engage

- In person and virtual meetings with existing and potential firms to develop a clear view of client objectives and how these are likely to change over time
- Roadshows and partner forums in person to provide market updates, updates on our products and continuing professional development ("CPD") events

Outcomes and key decisions

- Launch of the Tatton Passive Funds in May 2024, following feedback from advisers
- As we engaged with potential new firms, we were able to communicate how we could support their businesses, which has driven growth across the Tatton and Paradigm Mortgages firms in the year, with a reduction in Paradigm Consulting firms due to consolidation in the market
- Future events are tailored following feedback from events to provide the most useful content for firms

975
Tatton firms

1,916
Mortgage firms

SHAREHOLDERS

The Group's strategic objectives and business growth depends on the support and engagement of shareholders. Our strategy is to deliver growth across all our KPIs for the benefit of our shareholders. Our shareholder base is aligned with the long-term strategy we adopt in the management of our business.

Their material issues

- Long-term sustainable business that delivers attractive returns through maintaining a progressive dividend policy
- High standards of governance, including diversity and remuneration
- Compelling business model and growth prospects

How we engage

- Regular meetings are held with our investors throughout the year
- Meetings are held, both virtually and in person, between the Board and institutional shareholders and analysts after the full year and half year results, presenting Company results, articulating strategy and updating shareholders on progress
- We provide the latest company announcements, financial reports and additional investor information on our website
- We seek to promptly provide additional information to our shareholders where requested and engage with them on any specific issues or queries they have
- The AGM also provides a forum in which all shareholders are invited to raise questions and their views to our Board

Outcomes and key decisions

- Delivered against our dividend policy with a total full year dividend of 16.0p, an increase of 10.3% (2023: 14.5p)
- Ongoing dialogue with investors to ensure all shareholders are up to date on the Group's strategy and shareholders.

16.0p
Full year dividend

PEOPLE

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

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

How we engage
- Employee surveys, where the results are communicated to the ESG Committee and upward to the Board
- Company-wide communications through business newsletters and via email
- Staff days to reward and recognise good performance
- Presentations by the Board to discuss the business's performance and the Company's strategic plans
- Regular management briefings

Outcomes and key decisions
- Support for professional qualifications and other training, such as leadership and management training, provided during the year in response to feedback received in the previous staff survey. We will continue to build on the training opportunities being offered.
- Further extension of the Enterprise Management Incentive ("EMI") and Sharesave schemes due to feedback that these are valued by employees.

More information is provided in our ESG Report on pages 28 to 41.

75%
Staff survey participation

90%
of our employees would recommend TAM as a good place to work

SOCIETY

We acknowledge our responsibility to society and other stakeholders and firmly believe that upholding high standards of corporate responsibility is imperative. The ESG Committee considers these priorities and raises any key issues with the Board to inform decision making.

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

How we engage
- This year, each office has selected a nominated charity for the Group to support, with office-led fundraising
- Management considers various ESG issues, for example, engaging with utility providers to move to renewable energy sources
- ESG portfolio managers engage with fund managers to understand and influence ESG priorities
- All staff are encouraged to engage in a local volunteering day to support local communities

Outcomes and key decisions
- Contributed over £32,000 to charitable causes within the financial year
- Continued improvement and adoption of corporate governance guidelines
- Growth in our Ethical portfolios
- Various teams across the Group took part in 'A Day to Make a Difference', supporting local causes; see the ESG Report on pages 28 to 41 for more information

40%
energy use from renewable sources

£32,000+
donated to charity

EXTERNAL SERVICE PROVIDERS

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

Their material issues
- Clear communications
- Trusted partnerships
- Strong governance

How we engage
- We work together with our key suppliers to improve processes to increase efficiency
- Regular service reviews
- Annual due diligence reviews
- The Board is briefed on service provider feedback and issues on a regular basis

Outcomes and key decisions
- Implementation of Application Programming Interfaces ("APIs") with suppliers where appropriate
- Launch of the Tatton Passive funds in May 2024. We worked closely with our ACD to ensure the funds were appropriately setup before launch
- Launch of Tatton Money Market portfolio was made available to clients across more than 20 investment platforms
- We engaged with and considered the impact that the acquisition of Fintegrate would have on our other service providers and partnerships. See page 27 for more information

REGULATORS

Tatton Investment Management Limited is regulated by the Financial Conduct Authority ("FCA"). The Board is informed of any key regulatory changes or issues.

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

How we engage
- We always engage in an open and co-operative manner with the FCA, for example, through surveys or direct communication
- Direct communication through our compliance senior manager function-holder

Outcomes and key decisions
- Launch of the Tatton Passive funds in May 2024. We worked closely with the FCA to answer any queries from either side, and ensure the funds were appropriately setup before launch
- Engaged with the FCA to ensure a clear understanding of the new Consumer Duty regulations, that have supported our own communications to IFAs
- Surplus regulatory capital was maintained throughout the year
- The Board and Audit and Risk Committee received and reviewed regular compliance reports
- During the year, we disposed of our £25 million AIM portfolio and engaged with the FCA during the sale and transition process

SUSTAINABLE GROWTH: PAVING THE WAY FOR SUCCESS

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

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

Our Board is committed to long-term decision making and upholding the highest standards of conduct, both collectively and individually. We consider it vital that acknowledging and valuing the perspectives and requirements of our investors, customers, workforce and suppliers, as well as other stakeholders, and being mindful of our environmental impact is fundamental to the Group's sustained growth and ongoing success. In fulfilling our responsibilities, we have empowered our staff in day-to-day decisions while operating within a strong governance structure.

This framework outlines our principles, the ways in which we communicate with our stakeholders and our methods to ensure that our governance structure and control mechanisms remain strong. Our Chairman, in conjunction with the Company Secretary, schedules the agenda for each Board meeting to ensure that they meet the requirements of s.172, in line with our approach. We consider the views of our stakeholders during the decision making process, as evidenced by the considerations made during the recent launch of our new Passive Fund proposition, which is detailed on the opposite page. During the year, the Board also took other decisions that impacted its stakeholders, such as increasing the full year dividend from 14.5p in 2023 to 16.0p in 2024, and also in setting its "Roadmap to Growth" strategy to reach £30bn of AUM by 2029.

We trust that our approach to transparent and proactive engagement strategy will cultivate and maintain solid relationships with all stakeholders and support the sustainable success of the Group.

Board information

TRAINING: Leadership and management are trained on the duties of Directors to maintain awareness of Board responsibilities.

STAKEHOLDER ENGAGEMENT: Our Board consistently communicates with stakeholders. This covers part (c) of s.172 with further details available on pages 42 to 43.

BOARD PAPERS: Board documents address a wide range of topics, including s.172 factors that are relevant to the strategic direction of the Group, along with considerations of climate change through its TCFD reporting.

Board strategic discussion

STRATEGIC OBJECTIVES: The Board reviews and adjusts its strategies to achieve long-term goals. This links to part (a) and (e) of s.172 with examples of this on pages 14, 15 and 51.

GOVERNANCE: The Board recognises the value that governance brings to the Group and ensures that it is aligned with the business's scale and type. See more on pages 51 and 52 (part (f) of s.172).

STRUCTURE AND CULTURE: The Group operates with a flat hierarchy and promotes an open, transparent culture for careful decision making. Pages 28 to 41 and 54 contain more information (part (b) and (d) of s.172).

INFORMATION: The Board frequently examines financial and operational data that aid in decision making and foster sustained value growth.

Board decision

ACTIONS: The Board determines the action to be taken following discussions.

EVALUATION: The Board assesses decision outcomes, adapts strategy as needed, and implements changes where necessary.

SECTION 172 IN ACTION: NEW PRODUCT LAUNCH

During the financial year ending 31 March 2024, Tatton worked with its firms and clients to understand their needs and preferences and, as a result of this project it was identified that Tatton should increase its proposition to include a new range known as Passive Funds, which offer a low-cost, diversified investment option that aligns with the principles of long-term wealth accumulation. These funds were launched in May 2024 after a business case proposal, and cost-benefit analysis that was presented to the Board. We also communicated with our Authorised Corporate Director ("ACD"), and following approval from the FCA. With a focus on simplicity, transparency, and consistent returns mirroring market performance, Tatton's Passive Funds provide IFAs and their clients with an efficient way to achieve broad market exposure while minimising fees and complexity. The Board considered all its stakeholders within the decision making process utilising information provided to it over the last 12 months before launching the funds.

Shareholders

In launching the new Passive Funds range, we recognised the importance of aligning our actions with the interests of shareholders by considering the long-term success of the Company and the impact of our decisions on shareholder value. We sought to maximise shareholder value by conducting thorough market research, ensuring that the funds objectives and investment strategies are in line with the expectations and preferences of our shareholder base. During the decision making process, we gathered information regarding costs and expected future revenue and we diligently balanced the inherent risks and opportunities to ensure sustainable value creation over the long term, whilst setting internal targets in order to drive and measure success. As we look forward, it is expected that the new fund range will contribute to the Group's revenue and profit growth and support the creation of additional shareholder value.

Firms and clients

The Group's dedication to support financial advisers and their clients by providing highly competitive investment management solutions is further enhanced by the launch of the new Passive Funds range. During the decision making process, we recognised the importance of hearing from our adviser firms and actively engaged with them to leverage their expertise, conducting extensive consultations with IFAs to understand client investment goals, risk tolerance and preferences, thereby tailoring the funds' investment strategy to meet clients' requirements. The new proposition will expand our range of risk-profiled investments and complement our existing offering, providing our clients with greater choice and opportunity, whilst opening up access to a wider network of investors and UK IFAs. We communicated clearly and transparently with IFAs and their clients about the fund's strategy, objectives, risks, fees and performance.

People

The Group's new "Roadmap to Growth" target has been set at reaching £30bn of AUM/AUI by the end of FY29; this product launch is expected to contribute towards meeting this target. By delivering on our stated goals, it will enable us to continue to invest in our people, ensuring that they are appropriately compensated for their contributions while also giving them access to opportunities for professional development and career advancement. Our cultural values of collaboration, trust and transparency to openly discuss ideas ensured all stakeholders were considered when making decisions. During the decision-making process we considered the level of resources that were required to launch and manage the new funds going forward, with a working group set up to oversee the launch. We also ensured that our employees share our vision and values for investing, which was communicated and led by example from senior management, and that they are rewarded fairly and equitably for their contribution to the fund's success.

Suppliers and Regulators

We worked closely with our suppliers, such as fund administrators, custodians, and regulators, to ensure that they understand and support our approach and their consideration and requirements were met. We worked closely with our ACD and the FCA to answer queries from both parties, to ensure the proper setup of the funds and the continuation of our high standards of business conduct.

Risks to Tatton	• Market volatility or economic downturns affecting the funds' performance • Regulatory changes impacting fund structure or operations • Competition from other passive funds
Opportunities for Tatton	• Expanding our range of investment solutions, which may attract new clients from existing IFA relationships • Open up opportunities with new IFA firms and partners
Key stakeholder trade-offs	• The number of risk-profiled funds that are launched for clients, versus the financial contribution of the fund range to add value to shareholders

Key

Link to strategic objectives

Board of Directors

A FOCUSED LEADERSHIP

COMMITTEE MEMBERSHIPS

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

AGE
51–60 (66%)
61–70 (17%)
71+ (17%)

TENURE (YEARS)
1–5 (16.67%)
6–10 (50.00%)
11–15 (33.33%)

GENDER DIVERSITY
Male Female

ROGER CORNICK

Chairman

COMMENCED: 2017

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

PAUL HOGARTH

Chief Executive Officer

COMMENCED: 2007

Skills, competence and experience:
Paul is the Chief Executive Officer of Tatton Asset Management, as well as Senior Partner at Paradigm Consulting.

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

LOTHAR MENTEL

Chief Investment Officer

COMMENCED: 2012

Skills, competence and experience:
Lothar is the Chief Investment Officer of Tatton Asset Management. He is also a Chief Executive Officer for Tatton Investment Management.

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

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

CHRIS POIL

Senior Independent Non-Executive Director, Head of Audit and Risk Committee and Head of Remuneration Committee

COMMENCED: 2017

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

LESLEY WATT

Independent Non-Executive Director

COMMENCED: 2021

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

PAUL EDWARDS

Chief Financial Officer

COMMENCED: 2018

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

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

ROBERT HUNT

Chief Executive Officer of Paradigm Mortgage Services and Managing Director of Paradigm Consulting

COMMENCED: 2007

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

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

Division of Responsibilities

GOVERNANCE STRUCTURE

EXECUTIVE COMMITTEE

The key responsibilities of the Executive Committee include:

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

DIVISIONAL AND OPERATING COMPANY BOARDS

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

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

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

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

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

THE BOARD

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

Key responsibilities include:

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

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for:

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

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for:

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

NOMINATION COMMITTEE

The Nomination Committee is responsible for:

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

Board Responsibilities

CHAIRMAN

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

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

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

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

CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for:
Monitoring the financial position of the Group to meet its regulatory requirements and the management of the capital structure, ensuring adequate working capital and liquidity to meet the business's strategic objectives;

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

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

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

EXECUTIVE DIRECTORS

The Executive Directors on the Board are responsible for:
Implementing the agreed strategy and the day-to-day management of the business;

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

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

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

COMPANY SECRETARY

The Company Secretary is responsible for:
Working with the Chair to develop and maintain the policies and processes required to enable the Board to function effectively and efficiently;

Ensuring the Board receives clear, accurate and timely information, and the time and resources it needs; and

Advising the Board on corporate governance matters and for ensuring procedures are followed and applicable rules and regulations complied with.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for:
Recommending and managing the strategies of the Group and leading the senior management team in developing and implementing the strategy to maximise shareholder value;

Maintaining relationships with shareholders and other key stakeholders;

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

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

CHIEF INVESTMENT OFFICER

The Chief Investment Officer is responsible for:
Managing Tatton's investment portfolio performance and setting the investment style and strategy of the investments;

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

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

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are responsible for:
Contributing to the Group's strategy whilst providing a constructive challenge to management performance to ensure effective decision making;

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

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

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

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director is responsible for:
Providing a sounding board for the Chair and, if necessary, acting as an intermediary for the other Non-Executive Directors;

Providing an alternative channel of communication for investors;

Acting as an intermediary for the other Directors; and

Leading the evaluation of the Chairman and leading the search for a new Chairman when necessary.

Corporate Governance Statement

INTRODUCTION

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. The Group has taken into consideration the guidance for smaller quoted companies on the QCA Code produced by the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code").

The Board have applied the principles of the QCA Code, as detailed on the following pages. The application of the QCA Code provides a sound foundation of governance that supports the Group in delivering its strategy. There have been no significant changes in governance arrangements during the year. The 2023 QCA Code applies from 1 April 2024; therefore the Group will make appropriate disclosures against the updated principles in next year's Annual Report. Under the AIM Rules, the Group is not required to comply with the provisions of the UK Corporate Governance Code. While the UK Corporate Governance Code has not been applied in full, the Board has continued working towards full compliance over the coming years, including reviewing the changes in the 2024 Corporate Governance Code.

Leadership and role of the Board

The Board is responsible for setting the Group's values and standards and promotes these values throughout the organisation. The Board is responsible for ensuring that its obligations to its shareholders and other stakeholders, including employees, suppliers, customers and the community, are understood and met. The Board's duties are set out in a formal schedule of matters that are specifically reserved for Board decisions. The governance structure of the Group is detailed on page 48 of this report.

Board Committees

The corporate governance structure and framework is illustrated on page 48, which also details the responsibilities of the Nomination Committee, Remuneration Committee and Audit and Risk Committee.

Board effectiveness, composition and independence of the Board

During the year, and up until the date of signing this report, the Board comprised a Non-Executive Chairman, two Non-Executive Directors and three Executive Directors. The names, biographical details and Committee memberships of the Board are set out on pages 46 and 47 of this report and a skills matrix is shown on page 53. The responsibilities of each Board member have been clearly established and there is a clearly defined division of responsibility between the Chairman and the Chief Executive Officer, as shown on page 49. The minimum time commitment of the Non-Executive Directors is 24 days.

The Board has determined that the Non-Executive Directors are independent in character and judgement and that neither represents a major shareholder group nor has any involvement in the day-to-day management of the Company or its subsidiaries. The Non-Executive Directors continue to complement the Executive Directors' experience and skills, bringing independent judgement and objectivity to enhance shareholder value.

The skills and experience of the Non-Executive Directors are wide and varied, and they provide a constructive challenge in the boardroom. The composition of the Board is intended to ensure that its membership represents a mix of backgrounds and experience that will optimise the quality of deliberations and decision making. We consider diversity in the composition to be an important factor in the effectiveness of the Board and, in searching for prospective Directors, we consider the existing skill sets of the Board and any areas we have identified for development to meet future needs and address succession planning. Our commitment to addressing both the FCA diversity requirements remains a key consideration as we continue our search for a further independent Non-Executive Director to join the Board in the coming year.

The Board members seek continuous improvement, ensuring that they have the necessary up-to-date experience, skills and capabilities, undertaking development and training where required; see further information below. Although not members of the Committees, the Executive Directors attend meetings of the Audit and Risk Committee, Remuneration Committee and Nomination Committee as invited attendees, when appropriate. The skills matrix shown on page 53 illustrates the skills and experience of our Non-Executive and Executive Directors. The Board considers that it is of an appropriate size and that the Directors have an appropriate balance of skills and experience to manage the requirements of the business.

Performance

The Board conducts a review of the performance of individual Directors, to monitor and improve effectiveness. The review of the Chief Executive Officer is undertaken by the Non-Executive Chairman. In addition to individual reviews, the Board considers its overall performance as a body and the performance of its Committees. The review has confirmed that the performance of the Board and its Committees is effective and appropriate. This is currently an informal process which has not identified any significant issues for improvement, however the Board is considering how to enhance this process through self-evaluation questionnaires or via a formal independent evaluation process of the effectiveness of the Board.

Development and training

The Chairman is responsible for ensuring that Directors' continuing professional development, and every Director is entitled to receive training and development relevant to their responsibilities and duties. The Directors take advantage of relevant seminars and conferences, and receive training and advice on new regulatory requirements and relevant current developments from the Company and professional advisers. All Directors have taken part in Responsibility and also Cyber security training during the year.

Section 172 Duties

The Directors are obliged to fulfil their section 172 duties, having regard to the factors set out in the Chairman's Statement on page 5 and also on pages 44 and 45 and, when taking decisions, ensure that they promote the success of the Company as a whole. We believe that effective stakeholder engagement is critical to running a long-term sustainable business and, by considering the Company's strategic priorities and having a process in place for decision making, the Board aims to make sure that its approach to decision making and the consideration of stakeholder interests is consistent. Further information on the Company's key stakeholders is shown on pages 42 and 43.

Stakeholder interests and engagement

The Board is committed to maintaining an ongoing dialogue with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, half and full year investor presentations, the Annual General Meeting ("AGM") and the Group's website, www.tattonassetmanagement.com. The AGM provides a forum for constructive communication between the Board and the shareholders. All shareholders are invited to raise any issues or concerns arising from the business proposed to be conducted at the AGM meeting, submitting them by email in advance. Responses are published on the Company's website on the morning of the AGM. In addition, throughout the year, the Executive Directors and, separately, the Chairman, meet with investors to discuss matters relevant to the Company.

Internal control and risk management

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

This process has been in place throughout the year under review and includes key risks (industry, financial and operational) facing the Group. The process has also included the review and circulation of the whistleblowing policy to enable the anonymous reporting of complaints. In addition, the Board has also received external reports in relation to cyber security and uses a range of measures to manage this risk, including the use of cyber security policies and procedures, security protection tools and ongoing detection and monitoring of threats. The Board routinely reviews the effectiveness of the systems of internal control and risk management to ensure that controls react to changes in the Group's operations.

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

ROGER CORNICK
CHAIRMAN

QCA CODE

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

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

We are focused on the provision of products and services that an IFA requires to service its clients and continue to invest in both people and technology that will enhance and enable our business model. The Group's strategy is kept under review by the Board as it continues to grow its AUM, strategic partnerships, distribution and market share. The Group's business model and strategy are detailed on pages 14 to 19. The Board acknowledges that there are challenges and risks in delivering its strategy, and its risk management framework along with principal risks are detailed on pages 22 to 25.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM

TAM identifies its key stakeholders and details how the Group engages with each of its stakeholders on pages 42 to 45, including a s172 statement.

We believe that it's important to have clear ESG beliefs and principles that guide our Board of Directors, employees, and stakeholders in their actions and decision making. Our guiding ESG principles are detailed within our ESG report on pages 28 to 41.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company seeks to understand the needs and expectations of all of its shareholder base, through a wide range of investor relations initiatives, including:

- Regular meetings are held with our investors throughout the year
- Results presentations for the full year and half year are held both virtually and in person
- We provide the latest company announcements, financial reports and additional investor information on our website
- The Company's AGM and feedback before and after the meeting.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The Board is ultimately responsible for the Group's risk management and internal control systems, and for determining the Group's risk appetite, and has delegated certain responsibilities to the Audit and Risk Committee ("ARC") (see page 48 for our Governance structure and responsibilities).

We carry out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. Our risk management processes and principal risks are shown on pages 22 to 25.

QCA CODE CONTINUED

PRINCIPLE 5: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Directors acknowledge the importance of high standards of corporate governance and believe the QCA Code provides the best fit for the Group by setting out a standard best practice for small and midsized quoted companies, particularly those on AIM.

The Board includes a balance of Executive and Non-Executive Directors, with three Non-Executive Directors and three Executive Directors. The Board is managed by the Chairman who has the overall responsibility for corporate governance.

Details of our Board members and their responsibilities are shown on pages 46 to 49.

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The composition of the Board is intended to ensure that its membership has a wide and varied skill set, along with a mix of backgrounds and experience that will optimise the quality of deliberations and decision making. The Board members seek continuous improvement, ensuring they have the necessary up-to-date experience, skills and capabilities, undertaking development and training where required. The Board members and their responsibilities, including those of the Company Secretary are detailed on page 49.

The Board seeks external advice where required, for example this year has had external reviews performed and obtained advice over areas including its risk management framework, cybersecurity processes and executive remuneration.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Board currently performs an evaluation over its effectiveness informally, considering its composition and expertise, its role in setting strategy, and its understanding of the Group's risks. The Board has not identified any significant issues for improvement, however as the Group continues to grow in scale and size, it is considering how it can enhance this performance evaluation, through self-evaluation questionnaires or an independent evaluation of the Board's effectiveness.

PRINCIPLE 8: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board is committed to taking responsibility for developing and maintaining a strong, values driven corporate culture across our Group and is supported in this by the senior management team. The Board interacts with employees and monitors the Group's culture on an ongoing basis, ensuring our values are embedded across the organisation.

The strategic direction, values, and purpose of TAM are outlined on page 2, which detail the Group's aims and objectives and the means by which it strives to achieve them, with further information on pages 14 to 15. The Group's culture, underpinned by its core values, is critical in ensuring that TAM can meet its strategic objectives. Our ESG report is shown on pages 28 to 41.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION MAKING BY THE BOARD

The Corporate Governance section of this Report on pages 46 to 48 details the composition of the Group's Board and Committees. TAM's Board comprises three Executive and three Non-Executive Directors, with a complementary skill set essential to realising the growth potential of our business model and strategy.

The role of each member of the Board is clearly defined, and Board roles are detailed on page 49.

The Board is supported by the Audit and Risk Committee, Remuneration Committee and Nomination Committee in discharging its responsibilities.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Tatton Asset Management plc is committed to maintaining high standards of corporate governance. The Board of Directors recognises the importance of good governance in the management of the Group and the protection of shareholder interests. Our Corporate Governance report is presented on pages 46 to 65.

The Group's strategic objectives and business growth depend on the support and engagement of shareholders. We hold regular meetings with our investors throughout the year and deliver both half year and full year results presentations virtually and in person. We provide the latest company announcements, financial reports and additional investor information on our website. Further information on how we engage with our stakeholders is given on pages 42 to 45.

Board Skills

KEY SKILLS AND EXPERIENCE

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

Skills and experience

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

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

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

Biographies of each of the Non-Executive and Executive Directors are set out on pages 46 and 47, and a summary of their key skills and experience is shown below.

MEETING ATTENDANCE

BOARD MEMBER	ROGER CORNICK	CHRIS POIL	LESLEY WATT	PAUL HOGARTH	LOTHAR MENTEL	PAUL EDWARDS
Board	5/5	5/5	5/5	5/5	5/5	5/5
Audit and Risk	4/4	4/4	4/4	4/4	–	4/4
Nomination	–	–	–	–	–	–
Remuneration	3/3	3/3	3/3	3/3	–	3/3

KEY SKILLS AND EXPERIENCE

BOARD MEMBER	ROGER CORNICK	CHRIS POIL	LESLEY WATT	PAUL HOGARTH	LOTHAR MENTEL	PAUL EDWARDS
Financial services experience	●	●		●	●	●
Corporate governance in UK listed companies	●	●		●		●
Culture and values	●	●	●	●	●	●
Accounting and Finance		●	●		●	●
Audit		●	●			●
Risk and regulation	●	●	●	●	●	●
Corporate strategy	●	●	●	●	●	●
Executive management	●	●	●	●	●	●
Remuneration	●	●	●		●	●
Marketing and distribution strategy	●			●	●	●
Mergers and Acquisitions	●	●	●	●	●	●
Investment management		●		●	●	
Media relations	●			●	●	
Human resources	●		●			●
IT and Cybersecurity			●			●
ESG		●	●		●	●

Monitoring Culture

HOW THE BOARD MONITORS CULTURE

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

The strategic direction, values and purpose of TAM are outlined on page 2, serving as a comprehensive representation, for employees and stakeholders, of the Group's aims and objectives and the means by which it strives to achieve them. The Group's culture, underpinned by its core values, is critical in ensuring that TAM can meet its strategic objectives.

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

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

- Feedback from all employee engagement with the Board and senior management
- Regular updates to the Board from the Chief Executive Officer and other senior management on people matters and recruitment
- Employee survey results, with a survey being undertaken during this financial year (see page 38)
- Board and Committee presentations at the Annual Staff Days and regular divisional and team meetings
- Review of people-related risks at the Audit and Risk Committee
- Compliance reports from the Head of Compliance
- Whistleblowing reports

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

Audit and Risk Committee Report

As Chair of the Audit and Risk Committee, I am pleased to present this report for the Audit and Risk Committee for the year ended 31 March 2024. The Committee plays a key role in overseeing the integrity of the Company's financial statements and the robustness of the Group's system of internal control and financial and risk management. The Committee acts independently of management to ensure the best interests of shareholders are properly protected in relation to financial reporting and internal control.

The Committee met four times during the year. All members are deemed to have the necessary ability and experience, with an effective balance of skills, to understand financial statements and to discharge their responsibilities effectively. Other Directors and senior management are invited to attend as appropriate, including the Chief Executive Officer, Chief Financial Officer, Head of Compliance, Head of IT, along with other relevant members of senior management, as appropriate.

The external auditor attended three meetings during the year and the Committee also meets privately with the external audit partner at least once a year without management being present.

As Chair, I hold regular meetings with the Chief Financial Officer, maintaining open dialogue around key-audit related topics ahead of each Committee meeting.

Risk management

The Committee continues to play an important role in reviewing the risk management framework of the Group, which is designed to identify emerging trends and heightened areas of risk. The Committee also considers the Group's internal control systems, policies and procedures, ensuring that they operate effectively.

The Group does not have an internal audit function and the Committee believes that based on the Group's current size and complexity management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management processes without an internal audit function. The Committee will continue to keep this under consideration as the Group continues to grow.

The Committee also involves external parties to provide some independent assurance, review, perspective or challenge to our processes and risk environment. For example, during the year we have had an external review of TIML's risk management framework and ICARA process. We have also involved a third party cybersecurity company to carry out training and gap analysis over our cybersecurity processes.

External audit

The Group's external auditors are Deloitte, who have been appointed since 2017. David Heaton is the audit partner in charge of the Group's audit, with the current year being his fifth year and therefore he will rotate off the audit engagement in the following financial year. As an AIM-listed company, TAM plc is not required to rotate its audit firm after 10 years, although the Group would consider undertaking a tender process when it feels the time is appropriate. During the year, the Audit and Risk Committee monitored the Group's policy on external audit and evaluated and reviewed the independence and effectiveness of Deloitte and their role. No material issues were raised during the course of the year. The Committee agreed the external audit and assurance fees and reviewed the audit engagement letter.

CHRIS POIL,
CHAIR OF THE AUDIT AND RISK COMMITTEE

Role and responsibilities

The role of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of the Group's financial statements;
- significant financial reporting matters and accounting policies, judgements and estimates;
- external audit activity;
- the relationship with the external auditor, including appointment, removal and fees;
- the approval of non-audit fees and the related policy;
- emerging and principal risks, including relevant mitigation;
- the effectiveness of risk management and internal control systems; and
- any reports of whistleblowing.

Committee attendance

The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committee comprises independent Non-Executive Directors.

MEMBER	POSITION	ELIGIBLE/ ATTENDED MEETINGS
Chris Poil	Committee Chair	4/4
Roger Cornick	Non-Executive Director and Chairman of the Board	4/4
Lesley Watt	Non-Executive Director	4/4

Audit and Risk Committee Report continued

External audit continued
The external auditor presents their audit plan for the audit of the full year annual report and accounts to the Audit and Risk Committee prior to the end of the relevant financial year.

The audit plan sets out the scope of the audit, risk focus areas, materiality and reporting thresholds, and the audit timetable. At the end of the audit, the auditor presents any audit findings to the Audit and Risk Committee for discussion. The Audit and Risk Committee is satisfied that Deloitte has conducted an effective audit for the year ended 31 March 2024. Details of the auditors' remuneration is provided in Note 6 to the Consolidated financial statements included within the Annual Report and Accounts.

Non-audit fees
The Committee reviews the non-audit services policy each year in order to safeguard the ongoing independence of the external auditor and ensure compliance with the FRC's Ethical Standard. The Committee has reviewed and approved the policy for this year.

Prior to undertaking any non-audit service, external auditor independence is considered together with the nature of the services and fee levels relative to the audit. Management will confirm with its auditor prior to commencing any non-audit services engagement that the service to be provided is allowed under ethical standards and regulation relating to non-audit services. The approval of the Committee must be obtained before the external auditor is engaged to provide any permitted non-audit services. For permitted non-audit services that are considered not to be material, these are capped at 70% of the audit fee, and the Committee has pre-approved the use of the external auditor for cumulative amounts totalling less than or equal to £10,000.

During the past financial year, the external auditor undertook non-audit work in relation to other assurance services for the CASS audit of Tatton Investment Management Limited. The auditor was paid a total fee of £9,000 (2023: £8,000). Analysis of the fees paid to Deloitte during the current and prior year can be found in note 6 to the financial statements.

The Committee is satisfied that the external auditor's independence has not been impaired by their provision of non-audit services.

Financial reporting
The Committee has reviewed with both management and the external auditor the annual financial statements, focusing on: the overall truth and fairness of the results and financial position, including the clarity of disclosures shown in the statements and their compliance with best practice requirements; the appropriateness of the accounting policies and practices used in arriving at those results; the resolution of significant accounting judgements, or of matters raised by the external auditor during the course of the annual statutory audit; and the quality of the annual report and accounts taken as a whole, including disclosures on governance, strategy, risks and remuneration, and whether it gives a fair, balanced and understandable picture of the Company. The Committee also considered the use of alternative performance measures by the Group, including the appropriateness of their current use and their disclosure in the financial statements and Strategic report.

Anti-bribery and whistleblowing
The Audit and Risk Committee has a standing agenda point to review and discuss any reports of whistleblowing received during the period between meetings. Whistleblowing policies, including details of contact information for individuals to whom employees can make a report, are made available to all employees. Further detail on the Group's anti-bribery and whistleblowing policies are detailed in our ESG report on pages 28 to 41.

Key areas of focus
The key areas that the Committee considered are set out on the opposite page. In addition, at each meeting, the Committee received updates from Compliance, updates from senior management on major projects, reviewed a dashboard of metrics to monitor key risks, and reviewed any whistleblowing reports.

Approval
This report, in its entirety, has been approved by the Audit and Risk Committee and the Board of Directors on its behalf by:

CHRIS POIL
CHAIR OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's areas of focus during the year were:

FINANCIAL REPORTING	• Reviewed and approval of the Interim and Annual Report and Accounts, ensuring these are fair, balanced and understandable for shareholders and other end users; • Reviewed the policies, key assumptions and judgements applied in the preparation of the Interim and Annual Report and Accounts, including the external auditors' feedback on financial reporting changes and the Group's financial controls; • Reviewed the acquisition accounting where relevant, and also the fair value of contingent consideration post acquisition, the assumptions and judgements applied and disclosures in the Interim and Annual Report and Accounts in respect of the 8AM, Verbatim and Fintegrate businesses; • Considered the impairment review performed by management, including the assumptions on the underlying calculation of value-in-use of the assets tested for impairment; • Reviewed the overall presentation of alternative performance measures ("APMs") to ensure they are not given undue prominence, reviewed the nature of the adjusting items excluded from the statutory results and evaluated the clarity and explanations of APM reconciliations; • Reviewed the key reporting considerations in relation to TIML's requirement to report under the Task Force on Climate-Related Financial Disclosures ("TCFD"); • Consideration of regulatory developments; and • Reviewed the Group's statement of going concern and related assumptions.
EXTERNAL AUDIT	• Approved the annual external audit plan, the terms of reappointment, terms of engagement and fee proposal; • Provided oversight of the Group's external auditors, Deloitte, including assessing their independence, objectivity and effectiveness; • Reviewed audit findings, including key issues, accounting and audit judgements and recommendations, guidance and observations around the Group's internal controls environment; and • Reviewed management representations.
CONTROL OVERSIGHT	• Reviewed the adequacy and effectiveness of the Group's internal financial controls; • Regularly review and discuss the IT General Controls environment, obtaining third party advice or challenge where appropriate; • Reviewed and approved the Group's policy on non-audit services; and • Reviewed the adequacy and security of the Group's whistleblowing policy and procedures.
RISK APPETITE, STRATEGY AND EXPOSURE MANAGEMENT	• Overseeing and recommending to the Board, the Group's Risk Appetite Statement, and limits and policies for controlling risk within the Board's stated appetite; • Reviewing risk metrics, particularly focusing on any red-rated risks and assessing the adequacy of mitigating or remedial actions; • Monitoring steps taken by management to bring red-rated risks in line with the Board's Risk Appetite; and • Assessing regularly and updating, where appropriate, the Risk Appetite Statement, involving a regular reassessment of the Group's principal risks and uncertainties, underpinned by key metrics, which articulate the status and tolerance levels of key business risks.
TOP DOWN AND EMERGING RISKS	• Monitoring external developments, for example competition, market conditions, macroeconomic and regulatory environment, taxation and legal developments, in order to assess the potential impact on the Group; • Periodically reviewing the Group's potential risk exposures, and considering and challenging management's methodology to identify and address such exposures; and • Recommending to the Board the principal risks and uncertainties to be reported in the Annual Report and Accounts.
ROUTINE MATTERS	• Reviewed the Committee's composition and minutes of prior meetings.

Remuneration Committee Report

As Chairman of the Remuneration Committee and on behalf of the Board, I am pleased to present our report on Directors' remuneration for 2023/24. Our focus as the Remuneration Committee has been ensuring our remuneration policy and practices support and promote TAM's strategy for growth.

The Committee's agenda for its meetings and key discussion points over the year included:

- pay arrangements, including reviewing budgeted salary expenditure across the Group, approving pay reviews for employees presented to the Remuneration Committee, with a review ongoing of Directors' remuneration packages for the financial year to 31 March 2025;
- annual bonus scheme, approving the schemes and targets, and discussing the outturn of performance to determine the level of bonuses paid out to employees and Directors;
- long-term incentives, including approving the level of vesting of the 2020 scheme (see details later in this report) and setting the targets and approving the participants in the new grant of EMI options in the year; and
- governance, including its annual approval of the Directors' Remuneration Report, and review of shareholder voting on the Remuneration Report at the AGM. The Committee, led by the Chair, engages with investors throughout the year, to answer remuneration queries and provide additional context for decisions. This typically takes place in written format, but can include other formats where requested.

REMUNERATION POLICY

Remuneration policy for Executive Directors

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

- attract and retain high-calibre executives in a competitive market, and remunerate executives fairly and responsibly;
- motivate delivery of our key business strategies and encourage a strong and sustainable performance oriented culture;
- align the business strategy and achievement of planned business objectives; and
- take into consideration the views of shareholders and best-practice guidelines.

External appointments

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

Remuneration policy for the Chairman and Non-Executive Directors

The Chairman and other Non-Executive Directors are appointed under a letter of appointment. The letters of appointment cover such matters as time commitment, duties and involvement in other business interests. The Chair of the Remuneration Committee and the CEO determine the remuneration for the Chairman, and the Chairman and the CEO determine the remuneration for the Non-Executive Directors, within the limits set in the Company's Articles of Association. The fee for the role of Chairman takes into account the time commitment required for the role, the skills and experience of the individual, and market practice in comparable companies. The Chairman's fee is currently set at £140,000 per annum. The Non-Executive Director fee policy is to pay a basic fee for membership of the Board, with additional fees for the Senior Independent Director and chairmanship of a Committee, to take into account the additional responsibilities and time commitments of these roles. The Senior Independent Non-Executive Director's fee is currently set at £100,000 per annum and the Non-Executive Director's fee is currently set at £70,000.

Service contracts

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

COMPONENTS OF REMUNERATION

Salaries and fees

Salaries for Executive Directors are determined by the Remuneration Committee. The level of salary broadly reflects the value of the individual and their role, skills and experience. Salaries are reviewed annually in March, with any changes typically taking effect in April, and take account of market levels, corporate performance and individual performance. The Executive Directors' salaries have been unchanged since 2018. The Remuneration Committee is currently reviewing Directors' remuneration packages for the financial year to 31 March 2025 to ensure that these reflect market rate, and that there is an appropriate structure in place to drive the future growth of the business while meeting good governance standards. Fees to Non-Executive Directors are determined having regard to fees paid to other Non-Executive Directors in other UK quoted companies, the responsibilities of the individual Non-Executive Director and the time committed to the Company.

Pension provision

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

SINGLE TOTAL FIGURE OF REMUNERATION FOR EACH DIRECTOR (AUDITED)

Directors' remuneration, payable with respect to the year ended 31 March 2024 was as follows:

31/03/2024	BASIC SALARY AND FEES[1,2] £'000	BONUS £'000	LONG-TERM INCENTIVES[3] £'000	SHARESAVE[4] £'000	PENSION-RELATED AND OTHER TAXABLE BENEFITS £'000	TOTAL £'000
EXECUTIVE DIRECTORS						
Paul Hogarth	**342**	**350**	**844**	**-**	**3**	**1,539**
Lothar Mentel	**293**	**240**	**784**	**-**	**27**	**1.344**
Paul Edwards	**263**	**240**	**684**	**-**	**1**	**1,188**
Sub-total	**898**	**830**	**2,312**	**-**	**31**	**4,071**
NON-EXECUTIVES						
Roger Cornick	**140**	**-**	**-**	**-**	**-**	**140**
Chris Poil	**100**	**-**	**-**	**-**	**-**	**100**
Lesley Watt	**70**	**-**	**-**	**-**	**-**	**70**
Total	**1,208**	**830**	**2,312**	**-**	**31**	**4,381**

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

Other benefits

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

Short-term incentives

2024 Performance and remuneration outcomes

Our remuneration framework for our Executive Directors is closely aligned with the financial performance of the Group, particularly the KPIs of assets under management ("AUM") and adjusted operating profit[5]. The Group's AUM grew by 30.0% to reach £16.551 billion at 31 March 2024, revenue grew by 13.9% to £36.8 million and adjusted operating profit[5] grew by 12.9% to £18.5 million, which represents an underlying operating margin of 50.3%. Any bonuses paid as a short-term incentive are based on predetermined financial targets for these KPIs set at the start of the financial year and personal performance. For further details on the financial performance of the firm, please see pages 26 and 27. There has been an increase in the level of bonuses paid in the year to Directors, to reflect the strong performance in these KPIs during the financial year.

Long-term incentives

The long-term incentive plan for Executives is designed to reward the execution of strategy and growth in shareholder value over a multiple-year period. Long-term performance measurement discourages excessive risk-taking and inappropriate short-term behaviours and encourages Executive Directors to take a long-term view by aligning their interests with those of shareholders. Where possible, and to the limits applied by the legislation, the long-term incentive plan benefits from the tax advantages under an Enterprise Management Incentive ("EMI") scheme. The value of options held by Directors which vested in the year was £2.3m.

Sharesave plan

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

1. Paul Hogarth has received additional basic salary in lieu of the provision of a company car.
2. All Executive Directors have received additional basic salary in lieu of pension contributions.
3. Represents the market value on vest date of any long-term incentive awards vested during the relevant financial year.
4. Value of benefit associated with the discount of the Sharesave scheme, which vested during the relevant financial year.
5. Alternative performance measures are detailed in note 27.

Remuneration Committee Report continued

TAM plc long-term incentive plan

The Directors have adopted the TAM plc EMI scheme, which became effective on admission and which was extended in each subsequent year up to 2023. The EMI plan is a share option plan under which all eligible employees (including Executive Directors) may be granted options over shares on a tax-advantaged basis, under the provisions of Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5"). Non-qualifying options may also be granted under the EMI plan.

Vesting of 2020 TAM plc EMI scheme

The EMI options granted in 2020 were based on a combination of targets for an adjusted fully diluted earnings per share ("EPS") growth of 40% and total shareholder return ("TSR") of 25% compound annual growth over a three-year period. The 2020 EMI scheme vested in July 2023 and the vesting outcome was 97.2% of the total options granted. This resulted in 969,082 options vesting. During the year, 296,896 shares were issued by the Company to satisfy options that were exercised, with the remaining 672,186 options being unexercised as at 31 March 2024. The Company also issued 50,000 shares in the year to satisfy the exercise of the 2018 scheme options, which vested in August 2021 but which remained unexercised as at 31 March 2023.

Performance conditions for current EMI schemes

Options granted under the EMI plan are only exercisable subject to the satisfaction of performance conditions that will determine the proportion of the option that will vest at the end of the three-year performance period. The performance conditions used in determining the number of options that will vest are detailed in the table below, with the three-year performance period commencing on 1 April in the year that the options have been granted.

PERFORMANCE CONDITION	WEIGHTING	VESTING CRITERIA
EPS	75% (2021 and 2022)	13% straight-line growth results in 33% of the option subject to the EPS measure vesting
		40% straight-line growth results in 100% of the option subject to the EPS measure vesting
	100% (2023)	If the growth rate falls between the thresholds above, the proportion of options subject to the EPS measure that vest will be determined on a straight-line basis
TSR	25% (2021 and 2022)	8.25% compound annual growth rate results in 33% of the option subject to the TSR measure vesting
		20% compound annual growth rate results in 100% of the option subject to the TSR measure vesting
	0% (2023)	If the compound annual growth rate falls between the thresholds above, the proportion of options subject to the TSR measure that vest will be determined on a straight-line basis

The Committee currently believes that these are fair and appropriate conditions for rewarding participants as they align their interests with those of shareholders and, being measured over a three-year period, align the reward with the Group's strategy for growth by encouraging longer-term profitable growth. When determining the adjusted EPS growth, the shares will be fully diluted and the impact of adjusted items as determined by the Board, see note 11, will be disregarded to ensure that they do not artificially impact the EPS measurement.

Directors' interests in share options

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

EXECUTIVE DIRECTORS	DATE OF GRANT	EXERCISE PRICE	AT 31 MARCH 2023 NUMBER	GRANTED IN THE YEAR NUMBER	EXERCISED IN THE YEAR NUMBER	LAPSED IN THE YEAR NUMBER	AT 31 MARCH 2024 NUMBER
Paul Hogarth	7 August 2018	£0.00	125,992	–	–	–	**125,992**
	28 July 2020	£0.00	174,758			(4,894)	**169,864**
	15 July 2021	£0.00	25,000	–	–	–	**25,000**
	25 July 2022	£0.00	30,000	–	–	–	**30,000**
	24 July 2023	£0.00	–	20,000	–	–	**20,000**
Lothar Mentel	7 July 2017	£1.89	849,043	–	–	–	**849,043**
	7 August 2018	£0.00	247,000	–	(50,000)	–	**197,000**
	28 July 2020	£0.00	162,274	–	–	(4,544)	**157,730**
	15 July 2021	£0.00	25,000	–	–	–	**25,000**
	25 July 2022	£0.00	30,000	–	–	–	**30,000**
	24 July 2023	£0.00	–	20,000	–	–	**20,000**
Paul Edwards	28 July 2020	£0.00	141,624	–	–	(3,966)	**137,658**
	15 July 2021	£0.00	25,000	–	–	–	**25,000**
	25 July 2022	£0.00	30,000	–	–	–	**30,000**
	24 July 2023	£0.00	–	20,000	–	–	**20,000**
			1,865,691	**60,000**	**(50,000)**	**(13,404)**	**1,862,287**

Grant of equity share options under the EMI plan

As at 31 March 2024, the Company had granted options to certain of its Executive Directors and senior managers to acquire (in aggregate) up to 6.75% of its share capital, net of shares acquired by the Employee Benefit Trust ("EBT"). The 2017 EMI scheme had an exercise price equal to the market value of the shares at the date of grant, £1.89, with schemes in subsequent years having a £nil exercise price.

Terms of awards

Options may be granted over newly issued shares, treasury shares or shares purchased in the market. To satisfy exercised options, shares may be purchased in the market or as new shares subscribed from the Company. At 31 March 2024, the Company held no shares in treasury (2023: nil), other than those held by the EBT to satisfy options awarded under share incentive schemes.

Unapproved share scheme

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

Malus and clawback

The short-term cash bonuses for the Executive Directors are subject to formal malus and clawback mechanisms. Vested and unvested EMI plan awards are also subject to a formal malus and clawback mechanism.

Employee Benefit Trust ("EBT")

The Company's EBT was established for the benefit of the employees and former employees of the Group, and their dependants. The EBT may be used in conjunction with the EMI plan where the Remuneration Committee decides at its discretion that it is appropriate to do so. The Company may provide funds to the trustee by way of a loan or gift, to enable the trustee to subscribe or purchase existing shares in the market in order to satisfy awards made under the EMI plan or the SAYE share option plan. During the year, the Company has made a gift of £3.347 million to the EBT (2023: £0.028 million). After the utilisation of the shares held by the EBT to satisfy the exercise of employee EMI options, the EBT held a total of 658,800 ordinary shares at 31 March 2024 (2023: nil), equating to 1.09% of the issued ordinary share capital of the Company (2023: nil%).

Total shareholder return from admission on AIM to 31 March 2024

The Company's share price in the period from admission on AIM on 7 July 2017 to 31 March 2024 increased from £1.56 to £5.68 and market capitalisation grew from £87,215,720 to £343,704,752, with £41.1 million returned to shareholders by way of dividends. The graph below shows the Company's TSR of 31.9% compared with the FTSE AIM All-Share Index total return of -6.3% in the 12 months to 31 March 2024. TSR is defined as share price growth plus reinvested dividends. The Directors consider the FTSE AIM All-Share Index to be the most appropriate index against which the TSR of the Company should be measured.

Directors' Interest

The beneficial interests of the Directors and their connected persons in the ordinary share capital of the Company at 31 March 2024 were as follows:

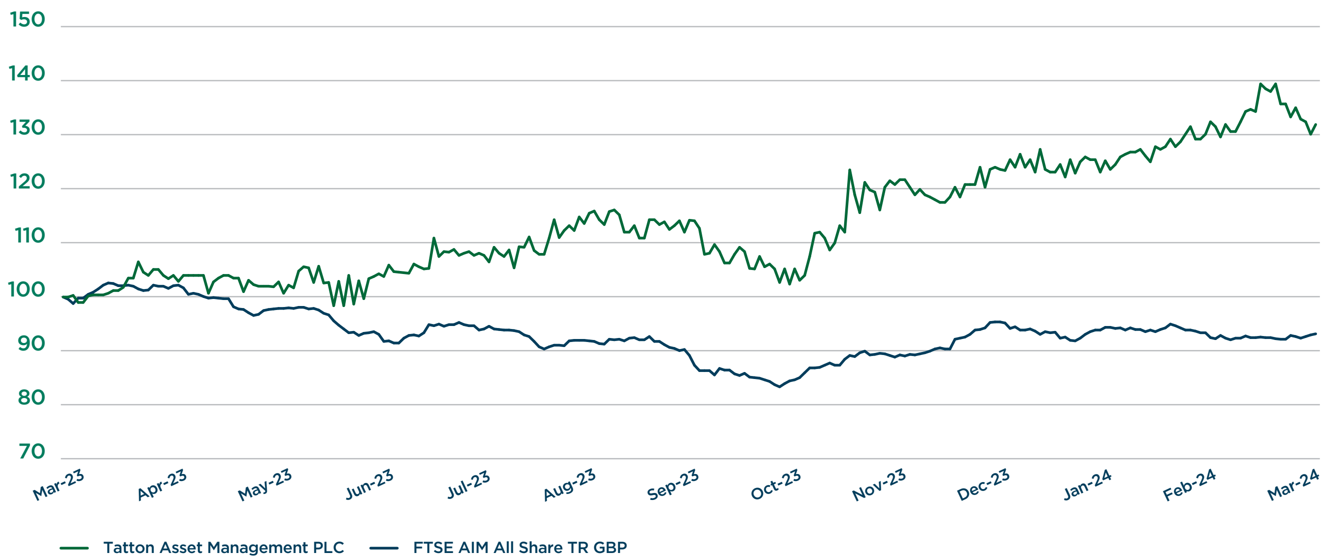
Paul Hogarth	9,136,663	15.10%
Lothar Mentel	1,110,233	1.83%
Paul Edwards	511,628	0.85%
Christopher Poil	173,205	0.29%
Roger Cornick	32,051	0.05%
Lesley Watt	2,325	0.00%

Approval

This report, in its entirety, has been approved by the Remuneration Committee and the Board of Directors on its behalf by:

CHRIS POIL
CHAIR OF THE REMUNERATION COMMITTEE

TOTAL RETURN FOR TATTON ASSET MANAGEMENT PLC AND THE FTSE AIM ALL SHARE INDEX



Source: Morningstar Direct, return rebased to 100 as at 01/04/23.

Directors' Report

THE DIRECTORS ARE PLEASED TO PRESENT THEIR REPORT, TOGETHER WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of the business and future developments can be found in the Chairman's Statement and the Chief Executive Officer's Review on pages 4 and 5, and 6 to 9, respectively.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND DIVIDENDS

Group profit before tax was £16.751m (2023: £15.996m), an increase of 4.7% that was largely due to the growth in revenue in the year, though there was a decrease in profit after tax to £12.921m (2023: £13.373m) driven by the increase in corporation tax rate from 19% to 25% in the year. Adjusted operating profit[1] was £18.514m (2023: £16.402m), giving an adjusted operating profit[1] margin of 50.3% (2023: 50.7%). Operating profit after the effect of share-based payments, amortisation on acquisition-related intangible assets, changes in fair value of contingent consideration, operating loss due to non-controlling interest and exceptional items is £16.464m (2023: £16.610m), at a margin of 44.7% (2023: 51.4%).

An interim dividend with respect to the period ended 30 September 2023 of £4,841,000 (8.0p per share) was paid to shareholders on 8 December 2023. The Directors recommend a final dividend of a further 8.0p per share, or £4,841,000. This has not been included within the Group financial statements as no obligation existed at 31 March 2024. If approved, the final dividend will be paid on 6 August 2024 to ordinary shareholders whose names are on the register at the close of business on 28 June 2024.

In 2024, the Board became aware of certain procedural issues with respect to payments of interim dividends in December 2020, December 2021, December 2022 and December 2023 (together, the "Relevant Distributions"), which means that the Relevant Distributions had been made otherwise than in accordance with the requirements of the Companies Act 2006. The Board has also recently become aware of a technical issue with regard to the Company's procedure for the payment of the final dividend totalling £4.3 million to shareholders on 28 July 2021 (the "Final Dividend"). Whilst the Company followed its internal processes ahead of the payment of this Final Dividend to check the sufficiency of the Company's distributable reserves, the Board has subsequently become aware that the calculation of distributable reserves had been completed across the Group rather than the Company. As a result, despite there being ample distributable reserves available in the Group, insufficient distributable profits had been transferred to the Company at the time the Final Dividend payment was made and therefore the Final Dividend was made otherwise than in accordance with the Act. Upon becoming aware of the issue, the Board took immediate action to remedy this technical oversight by paying dividends of £5.7 million to the Company from elsewhere in the Group, which was determined taking account of the distributable reserves that would be required in respect of the historic dividends with excess in order to give future flexibility.

At the AGM to be held on 30 July 2024, a resolution will be proposed which will, if passed, authorise the appropriation of distributable profits to the payment of the Relevant Distributions and the Final Dividend and the entry by the Company into two deeds of release. The deeds of release will release shareholders and Directors from all claims which the Company has or may have with respect to the payment of those Relevant Distributions and the Final Dividend. The overall effect of the proposed resolution is to return all parties to the position they would have been in, had the Relevant Distributions and the Final Dividend been made in full compliance with the Companies Act 2006.

The Company is also putting in place new procedures relating to all distributions which will ensure that relevant legal requirements are complied with in the future, including a filing and compliance automated reminder system and additional training to relevant employees with respect to the Company's filing obligations.

DIVIDEND POLICY

The Company operates a progressive dividend policy to grow dividends in line with the Group's adjusted earnings, with a target payout ratio in the region of 70% of annual adjusted fully diluted earnings per share[1].

1. Alternative performance measures are detailed in note 27.

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

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

The Company's key stakeholders are shown on pages 42 and 43 and we have detailed how we engage with them and understand their issues and the impact of the decisions of management on them.

SHARE CAPITAL

As at 31 March 2024, there were 60,511,400 fully paid ordinary shares of 20p, amounting to £12,102,280, an increase of £91,135 on the prior year due to the issue of shares upon the exercising of employee share options. Details of the issued share capital shown are in note 22 to the consolidated financial statements. The Company has one class of ordinary shares, which carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation other than that certain restrictions may be imposed from time to time by laws and regulations pursuant to the Listing Rules of the Financial Conduct Authority ("FCA"), whereby certain Directors, Officers and employees of the Group require the approval of the Group to deal in the ordinary shares of the Company. The Directors are not aware of any other agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

SIGNIFICANT SHAREHOLDERS

At 5 April 2024, the Company had been notified of the following interests representing 3% or more of its issued share capital:

NAME	HOLDING	HOLDING %
Paul Hogarth and connected parties	9,136,663	15.10%
Liontrust Investment Partners LLP	7,604,925	12.57%
Funds and accounts under management by direct and indirect investment management subsidiaries of BlackRock, Inc.	7,131,623	11.79%
abrdn plc	4,260,940	7.04%
Gresham House Asset Management Limited	3,089,638	5.11%
Rathbone Investment Management Limited	2,560,823	4.23%
Aegon Asset Management Limited	2,097,396	3.47%

SHARE OPTIONS

Details of the options over the Company's shares under the Company's employee share plans are given in note 24 to the consolidated financial statements.

PURCHASE OF OWN SHARES

At the 2023 AGM, the shareholders authorised the Company to buy back 10% of its own ordinary shares by market purchase at any time prior to the conclusion of the AGM to be held in 2024. The Company did not purchase any of its own shares during the financial year, other than through the EBT (note 23). The cost of shares purchased and held by the EBT is deducted from equity.

At the forthcoming AGM, the Directors will seek to extend the shareholders' approval for a further period to the conclusion of the AGM to be held in 2025, by way of special resolution, for the grant of an authority for the Company to make market purchases of up to 10% of its own shares. The Directors consider that the grant of the power for the Company to make market purchases of the Company's shares would be beneficial for the Company and, accordingly, they recommend this special resolution to shareholders. The Directors would only exercise the authority sought if they believed such a purchase was in the interests of shareholders generally. The minimum price to be paid will be the shares' nominal value of 20p and the maximum price will be no more than 5% above the average middle market quotations for the shares on the five days before the shares are purchased.

TAKEOVER DIRECTIVE

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

BOARD OF DIRECTORS

The names of the present Directors and their biographical details are shown on pages 46 and 47. At the AGM, to be held on 30 July 2024, all Executive and Non-Executive Directors will offer themselves for re-election.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

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

DIRECTORS' INTERESTS

Directors' emoluments, interests in the shares of the Company and options to acquire shares are disclosed in the Remuneration Committee Report on pages 58 to 61. Paul Hogarth is also the beneficial owner of Paradigm House, the Group's registered address and the trading premises of PPL.

CONFLICTS OF INTEREST

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

Directors' Report continued

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

PRINCIPAL RISKS
A report on principal risks, risk management and internal controls is included on pages 22 to 25.

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

The Group aims to give full and fair consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity to continue their positions or be trained for other suitable positions. The Group provides a Group personal pension plan that is open to all employees. The Group operates an Enterprise Management Incentive scheme and a Group Sharesave scheme, details of which are provided in the Remuneration Committee Report and the financial statements. There is further information on the Group's employee engagement and how it fosters relationships with its key stakeholders, including suppliers, customers, and others on pages 38 to 43. Details of how the interests of stakeholders are considered in the Board's decision making can be found in the section 172 statement on pages 44 to 45.

ALTERNATIVE PERFORMANCE MEASURES
We use a number of performance measures to assist in presenting information in this statement in a way that can be easily analysed and understood. We use such measures consistently and reconcile them as appropriate, and they are used by management in evaluating performance. See pages 26 and 27, and notes 2.27 and 27.

FINANCIAL INSTRUMENTS
The risk management objectives and policies of the Group are set out within note 21 of the financial statements.

ENERGY CONSUMPTION
Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on page 35 of the Strategic Report.

POLITICAL DONATIONS
The Group made no political donations or contributions during the year (2023: £nil).

ANNUAL GENERAL MEETING ("AGM")
The AGM of the Company will be held on 30 July 2024. A notice convening the meeting will be sent to shareholders on 1 July 2024.

CORPORATE GOVERNANCE
A full review of corporate governance appears on pages 46 to 65.

RELATED PARTIES
Details of related party transactions are given in note 26.

POST BALANCE SHEET DATE EVENTS
There have been no post balance sheet events.

GOING CONCERN
The Board has reviewed detailed papers prepared by management that consider the Group's expected future profitability, dividend policy, capital position and liquidity, both as they are expected to be and also under more stressed conditions In doing so, the Directors have considered the current economic environment, with its high interest rates, high yet falling inflation, cost of living pressures, and the impact of climate change.

Whilst macroeconomic conditions and the impact of climate change may affect the Group, and are considered under the Group's principal risks, these are not considered to impact the going concern basis of the Group – the Board is satisfied that the business can operate successfully in these conditions but will continue to monitor developments in these areas. The Board uses the approved budget as its base case and then applies stress tests to this. In its stress tests, the Board has considered a significant reduction in equity market values, for example if there was a repeat of market impacts seen at the start of COVID-19, or sudden and high volumes of outflows from AUM as a result of a reputational, regulatory or performance issues. This would reduce revenue and profitability, however the results of these tests show that there are still sufficient resources to continue as a going concern. There are not considered to be any plausible scenarios which would lead to the failure of the company. The Board closely monitors KPIs and reports from management around investment performance, feedback from IFAs and key regulatory changes or issues. See pages 23 to 25 for details of mitigations of these principal risks. In addition, the Board has also considered:

Liquidity – The Group has a robust financial liquidity position, with £24.8 million in cash at 31 March 2024 and £0.04 million of bank loans in its subsidiary, Fintegrate Financial Solutions Limited, along with a highly efficient working capital cycle, with a strong operating cash conversion of 91.4% (being the ratio of cash generated from operations to adjusted operating profit[1]), which ensures the Group has high levels of liquidity to meet its liabilities.

Regulatory position – Management have confirmed that the Group continues to have significant headroom over its regulatory requirements, as detailed in note 3, meaning the likelihood of regulatory restrictions impacting trading or financial performance remains low.

1. Alternative performance measures are detailed in note 27.

Having given due consideration to the risks, uncertainties and contingencies disclosed in the financial statements and accompanying reports, the Directors believe that the business is well placed to manage its business risk successfully and are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date that the financial statements are authorised for issue. Accordingly, the financial statements have been prepared on a going concern basis.

AUDITOR

Deloitte LLP was the Group's independent auditor during the year and has confirmed its willingness to continue in office. A resolution to reappoint Deloitte LLP as auditor to the Group and to authorise the Directors to set its remuneration will be proposed at the 2024 AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES/DISCLOSURES TO THE AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that as far as the Directors are aware, there is no relevant information of which the Group's independent auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's independent auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK-adopted international accounting standards and applicable law and guidance. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including the FRS 101 Reduced Disclosure Framework. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss for the Group for that period. The Directors are also required to prepare the Group financial statements in accordance with international financial reporting standards, as adopted by the UK.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group or Parent Company will continue in business; and
- prepare a Directors' report, a Strategic report, an Audit and Risk Committee report and a Remuneration Committee report that comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Each of the Directors, whose names and responsibilities are listed in the Corporate Governance report, confirms that, to the best of their knowledge:

- the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

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

PAUL HOGARTH
CHIEF EXECUTIVE OFFICER

PAUL EDWARDS
CHIEF FINANCIAL OFFICER

Independent Auditor's Report
to the members of Tatton Asset Management plc

Report on the audit of the financial statements

1. OPINION

In our opinion:

- the financial statements of Tatton Asset Management plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of total comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 30 to the consolidated financial statements;
- the Company statement of financial position;
- the Company statement of changes in equity; and
- the related notes 1 to 20 to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 6 to the financial statements.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matter	The key audit matter that we identified in the current year was: • Measurement of the impairment charge relating to the investment in joint venture of 8AM Global Limited Within this report, key audit matters are identified as follows: (!) Newly identified
Materiality	The materiality that we used for the Group financial statements was £840,000 which was determined on the basis of 5% of profit before tax.
Scoping	Full scope audit work was performed on all significant entities in the Group. Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.
Significant changes in our approach	In the prior year, we identified a key audit matter in respect of the valuation at acquisition of the investment in joint venture of 8AM Global Limited. This key audit matter has not been retained in the current year as it related to the value at acquisition which was in the prior year. In the current year, we have identified a key audit matter and fraud risk in relation to the measurement of the impairment charge relating to the investment in joint venture of 8AM Global Limited. This is due to management internally deriving the estimates and applying significant judgement to the assumptions around the cash flows used to assess the recoverability of the customer relationship intangible asset.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

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

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

5.1. Measurement of the impairment charge relating to the investment in joint venture of 8AM Global Limited (!)

Key audit matter description	On 15 August 2022 the Group acquired 50% of the issued share capital of 8AM Global Limited. In FY24 an impairment assessment was performed by management on the carrying value of the investment in 8AM Global Limited, from which an impairment charge of £1.3m was recognised. At year end 31 March 2024, the carrying value of the investment in 8AM Global Limited was £6.6m (2023: £6.8m), the impairment charge recognised reduced the investment carrying value to £5.3m. We have identified a key audit matter and fraud risk in relation to the measurement of the impairment charge relating to the investment in joint venture of 8AM Global Limited due to management internally deriving the estimates and applying significant judgement to the highly sensitive assumptions around the discounted cashflows used to assess the recoverability of the investment in joint venture. These assumptions are particularly sensitive to the discount rate used and the long term growth rate applied to the forecasted cash flows. Therefore, there is potential risk of management bias in these estimates. The accounting policies adopted by the Group have been disclosed within note 2.10 to the financial statements and the impairment of investments in joint ventures has been identified as a key source of estimation uncertainty, disclosed within note 2.25.
How the scope of our audit responded to the key audit matter	To address the measurement of the impairment charge relating to the investment in joint venture of 8AM Global Limited key audit matter, we have: • Obtained an understanding of relevant key controls related to the impairment assessment of the investment in the joint venture; • Assessed the reasonableness of management's judgement paper prepared for the impairment of the investment in joint venture; • With the involvement of our valuation specialists we assessed the discount rate and long term growth rate used in the impairment assessment and then evaluated whether these were appropriately applied to management's cash flow assumptions; • With the involvement of our valuation specialists we assessed the growth rate applied for the 10 year period after the 5th year in management's estimate; • Assessed that the accounting treatment is compliant with IAS 36 – Impairment of Assets and IAS 28 – Investments in Associates and Joint Ventures; and • Tested management's discounted cash flow ("DCF") model for mechanical accuracy.
Key observations	• As a result of the above procedures, we consider that management's judgement and estimates are reasonable.

Independent Auditor's Report continued

6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

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

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

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	£840,000 (2023: £804,000)	£672,000 (2023: £562,800)
Basis for determining materiality	5% of profit before tax (2023: 5% of profit before tax)	Company materiality equates to 1.5% of total assets (2023: 1.5% of total assets), which is capped at 80% (2023: 70%) of Group materiality. The percentage of Group materiality has been determined based on the contribution to the total Group net assets.
Rationale for the benchmark applied	We have determined materiality based on profit before tax as it is a profit driven business, therefore is considered the most relevant benchmark for users of the financial statements.	The main operation of the Company is to hold investments in the subsidiaries. We have therefore selected total assets as the benchmark for determining materiality. We have however capped materiality based on the Group materiality.

6.2. Performance materiality

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

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the Group's overall control environment including controls over investment wrap service income and mortgage commissions; • Our understanding of the entity and its environment; and • Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £42,000 (2023: £40,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

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

We identified six (2023: six) significant components for our Group audit, within the Group's two reportable segments. This included three holding companies, of which one is the Parent Company. All audit work on these significant components was performed directly by the Group audit engagement team, using appropriate component materialities ranging from £102,000 to £798,000 (2023: £102,000 to £723,600).

7.2. Our consideration of the control environment

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

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

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on pages 28 to 41. As a part of our audit, we have obtained an understanding of management's process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. We have considered whether information included in climate related disclosures in the Annual Report were consistent with our understanding of the business and financial statements. From our procedures, we did not identify any inconsistencies relating to climate related disclosures. Directors have assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements. This is disclosed in Note 2.23 to the financial statements.

8. OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

11.2. Audit response to risks identified

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

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

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

During the year, it was identified that interim dividends paid in 2020, 2021, 2022 and 2023 were made other than in accordance with the Companies Act 2006 and therefore illegally. As part of our audit, we have assessed the distribution made, the disclosures made by management in the annual report and the remediation actions taken. We are satisfied that this does not modify our audit opinion.

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

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

14. USE OF OUR REPORT

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

DAVID HEATON
(SENIOR STATUTORY AUDITOR)

For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

17 June 2024

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2024

	NOTE	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Revenue	5	**36,807**	32,327
Share of (loss)/profit from joint ventures	13	**(1,188)**	160
Administrative expenses		**(19,155)**	(15,877)
Operating profit	6	**16,464**	16,610
• Share-based payment costs	7	**1,458**	1,511
• Amortisation of acquisition-related intangibles	7	**633**	534
• Operating loss relating to non-controlling interest	7	**59**	–
• Gain arising on changes in fair value of contingent consideration	7	**(1,350)**	(2,651)
• Exceptional items	7	**1,250**	398
Adjusted operating profit[1]		**18,514**	16,402
Finance income	8	**640**	–
Finance costs	9	**(353)**	(614)
Profit before tax		**16,751**	15,996
Taxation charge	10	**(3,830)**	(2,623)
Profit and total comprehensive income for the financial year		**12,921**	13,373
Profit and total comprehensive income attributable to owners of the Parent Company		**12,986**	13,373
Profit and total comprehensive income attributable to non-controlling interests		**(65)**	–
Earnings per share – Basic	11	**21.39p**	22.43p
Earnings per share – Diluted	11	**21.02p**	21.70p
Adjusted earnings per share – Basic[1]	11	**23.73p**	21.72p
Adjusted earnings per share – Diluted[1]	11	**23.32p**	21.01p
Adjusted earnings per share – Fully Diluted[1]	11	**22.91p**	20.61p

1. See note 27.

All revenue, profit and earnings are with respect to continuing operations.

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

Consolidated Statement of Financial Position as at 31 March 2024

	NOTE	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Non-current assets			
Investments in joint ventures	13	**5,352**	6,762
Goodwill	14	**9,796**	9,337
Intangible assets	15	**3,686**	3,615
Property, plant and equipment	16	**816**	454
Deferred tax assets	19	**2,571**	1,258
Other receivables	17	**188**	–
Total non-current assets		**22,409**	21,426
Current assets			
Trade and other receivables	17	**5,108**	3,782
Financial assets at fair value through profit or loss	21	**106**	123
Corporation tax		**–**	121
Cash and cash equivalents		**24,838**	26,494
Total current assets		**30,052**	30,520
Total assets		**52,461**	51,946
Current liabilities			
Trade and other payables	18	**(8,109)**	(7,911)
Corporation tax		**(2)**	–
Total current liabilities		**(8,111)**	(7,911)
Non-current liabilities			
Other payables	18	**(1,016)**	(2,254)
Total non-current liabilities		**(1,016)**	(2,254)
Total liabilities		**(9,127)**	(10,165)
Net assets		**43,334**	41,781
Equity			
Share capital	22	**12,102**	12,011
Share premium account		**15,487**	15,259
Own shares	23	**(3,278)**	–
Other reserve		**2,041**	2,041
Merger reserve		**(28,968)**	(28,968)
Retained earnings		**45,892**	41,438
Equity attributable to owners of the Parent Company		**43,276**	41,781
Non-controlling interest		**58**	–
Total equity		**43,334**	41,781

The financial statements were authorised and approved by the Board of Directors on 17 June 2024 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 2024

	NOTE	SHARE CAPITAL (£'000)	SHARE PREMIUM (£'000)	OWN SHARES (£'000)	OTHER RESERVE (£'000)
At 1 April 2022		11,783	11,632	–	2,041
Profit and total comprehensive income		–	–	–	–
Dividends	11	–	–	–	–
Share-based payments			–	–	–
Deferred tax on share-based payments		–	–	–	–
Current tax on share-based payments		–	–	–	–
Issue of share capital on exercise of employee share options		52	117	–	–
Own shares acquired in the year	23	–	–	(28)	–
Own shares utilised on exercise of options	23	–	–	28	–
Issue of share capital on acquisition of a joint venture		176	3,510	–	–
At 31 March 2023		**12,011**	**15,259**	**–**	**2,041**
Profit and total comprehensive income		**–**	**–**	**–**	**–**
Acquisition of a subsidiary		**–**	**–**	**–**	**–**
Dividends	11	**–**	**–**	**–**	**–**
Share-based payments		**–**	**–**	**–**	**–**
Deferred tax on share-based payments		**–**	**–**	**–**	**–**
Current tax on share-based payments		**–**	**–**	**–**	**–**
Issue of share capital on exercise of employee share options		**91**	**228**	**–**	**–**
Own shares acquired in the year	23	**–**	**–**	**(3,347)**	**–**
Own shares utilised on exercise of options	23	**–**	**–**	**69**	**–**
At 31 March 2024		**12,102**	**15,487**	**(3,278)**	**2,041**

	MERGER RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS (£'000)	NON-CONTROLLING INTEREST (£'000)	TOTAL EQUITY (£'000)
At 1 April 2022	(28,968)	34,556	31,044	–	31,044
Profit and total comprehensive income	–	13,373	13,373	–	13,373
Dividends	–	(7,714)	(7,714)	–	(7,714)
Share-based payments	–	1,307	1,307	–	1,307
Deferred tax on share-based payments	–	18	18	–	18
Current tax on share-based payments	–	(102)	(102)	–	(102)
Issue of share capital on exercise of employee share options	–	–	169	–	169
Own shares acquired in the year	–	–	(28)	–	(28)
Own shares utilised on exercise of options	–	–	28	–	28
Issue of share capital on acquisition of a joint venture	–	–	3,686	–	3,686
At 31 March 2023	**(28,968)**	**41,438**	**41,781**	**–**	**41,781**
Profit and total comprehensive income	**–**	**12,986**	**12,986**	**(65)**	**12,921**
Acquisition of a subsidiary	**–**	**–**	**–**	**123**	**123**
Dividends	**–**	**(10,846)**	**(10,846)**	**–**	**(10,846)**
Share-based payments	**–**	**980**	**980**	**–**	**980**
Deferred tax on share-based payments	**–**	**760**	**760**	**–**	**760**
Current tax on share-based payments	**–**	**643**	**643**	**–**	**643**
Issue of share capital on exercise of employee share options	**–**	**–**	**319**	**–**	**319**
Own shares acquired in the year	**–**	**–**	**(3,347)**	**–**	**(3,347)**
Own shares utilised on exercise of options	**–**	**(69)**	**–**	**–**	**–**
At 31 March 2024	**(28,968)**	**45,892**	**43,276**	**58**	**43,334**

The other reserve and merger reserve were created on 19 June 2017 when the Group was formed. The other reserve comprises the profits of the group entities prior to the merger, and the merger reserve is the difference between the Company's capital and the acquired Group's capital, which has been recognised as a component of equity. The merger reserve was created through merger accounting principles on the share for share exchange on the formation of the Group. Both the other reserve and the merger reserve are non-distributable.

Consolidated Statement of Cash Flows for the year ended 31 March 2024

	NOTE	31-MAR 2024 (£'000)	31-MAR 2023 RESTATED* (£'000)
Operating activities			
Profit for the year		**12,921**	13,373
Adjustments:			
Income tax expense	10	**3,830**	2,623
Finance income	8	**(640)**	–
Finance costs	9	**353**	614
Depreciation of property, plant and equipment	16	**375**	384
Amortisation of intangible assets	15	**543**	661
Share-based payment expense	24	**1,236**	1,420
Post tax share of loss/(profit) of joint venture less amortisation and the impairment loss on the investment	13	**1,188**	(39)
Changes in fair value of contingent consideration	7	**(1,350)**	(2,651)
Changes in:			
Trade and other receivables		**(1,576)**	(146)
Trade and other payables		**50**	(449)
Cash flows from exceptional items	7	**–**	398
Cash generated from operations before exceptional items		**16,930**	16,188
Cash generated from operations		**16,930**	15,790
Income tax paid		**(3,740)**	(2,559)
Net cash from operating activities		**13,190**	13,231
Investing activities			
Payment for the acquisition of a business combination or joint venture, net of cash acquired	25	**(254)**	(152)
Dividends received from joint venture		**255**	60
Purchase of intangible assets		**(249)**	(229)
Purchase of property, plant and equipment		**(115)**	(89)
Interest received		**640**	–
Payment of contingent consideration		**(937)**	–
Net cash used in investing activities		**(660)**	(410)
Financing activities			
Interest paid		**(63)**	(186)
Dividends paid	11	**(10,846)**	(7,714)
Proceeds from the issue of shares		**249**	132
Purchase of own shares	23	**(3,278)**	–
Repayment of loan liabilities	20	**(18)**	–
Repayment of lease liabilities	20	**(230)**	(269)
Net cash used in financing activities		**(14,186)**	(8,037)
Net (decrease)/increase in cash and cash equivalents		**(1,656)**	4,784
Cash and cash equivalents at the beginning of the period		**26,494**	21,710
Cash and cash equivalents at the end of the period		**24,838**	26,494

* See note 2.1 for details regarding the prior year restatement.

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 MATERIAL ACCOUNTING POLICIES

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

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 a historical cost basis, except for financial assets and financial liabilities measured at fair value. 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 wherein 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.

A restatement has been made to the Consolidated Statement of Cash Flows for the year ending 31 March 2023 to reflect dividends received from joint ventures as cash flows from investing activities, whereas it was shown as cash flows from financing activities in the prior year. This has reduced cash flows used in investing activities and increased cash flows used in financing activities by £60,000 in the year ended 31 March 2023.

In the prior year, a separate Joint venture deficit of £21,000 was presented in the Consolidated Statement of Changes in Equity. This has been included within Retained earnings in the current year and the comparatives restated.

2.2 Going concern

The Board has reviewed detailed papers prepared by management that consider the Group's expected future profitability, dividend policy, capital position and liquidity, both as they are expected to be and also under more stressed conditions. In doing so, the Directors have considered the current economic environment, with its high interest rates, high yet falling inflation, cost of living pressures, and the impact of climate change.

Whilst macroeconomic conditions and the impact of climate change may affect the Group, and are considered under the Group's principal risks, these are not considered to impact the going concern basis of the Group – the Board is satisfied that the business can operate successfully in these conditions but will continue to monitor developments in these areas. The Board uses the approved budget as its base case and then applies stress tests to this. In its stress tests, the Board has considered a significant reduction in equity market values, for example if there was a repeat of market impacts seen at the start of COVID-19, or sudden and high volumes of outflows from AUM as a result of a reputational, regulatory or performance issues. This would reduce revenue and profitability, however the results of these tests show that there are still sufficient resources to continue as a going concern. There are not considered to be any plausible scenarios which would lead to the failure of the Company. The Board closely monitors KPIs and reports from management around investment performance, feedback from IFAs and key regulatory changes or issues. See more information in the Directors' report on pages 62 to 63. 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 entities controlled by the Parent Company (its subsidiaries) as at 31 March 2024. The Parent controls a subsidiary if it has power over the investee, 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. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. Consolidation of a subsidiary begins when the Parent

Notes to the Consolidated Financial Statements continued

2 ACCOUNTING POLICIES CONTINUED

2.3 Basis of consolidation continued

Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

All subsidiaries have a reporting date of 31 March, with the exception of Fintegrate Financial Solutions Limited which has a reporting date of 30 June. In the case of joint ventures, those entities are presented as a single line item in the Consolidated Statement of Total Comprehensive Income and Consolidated Statement of Financial Position.

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition (when control is obtained), up to the effective date of disposal (when control of the subsidiary ceases), as applicable.

2.4 Adoption of new and revised standards

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

- IFRS 17 “Insurance Contracts”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction” and “International Tax Reform – Pillar 2 Model Rules”

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

Standards in issue but not yet effective

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

Effective date 1 January 2024 or later

- Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- Amendments to IAS 21 “Lack of Exchangeability”
- IFRS 18 Presentation and Disclosure in Financial Statements

With the exception of the adoption of IFRS 18, the adoption of the above standards and interpretations is not expected to lead to any changes to the Group’s accounting policies nor have any other material impact on the financial position or performance of the Group. The impact of IFRS 18 on the Group is currently being assessed and it is not yet practicable to quantify the effect of this standard on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date – this will be applicable for the Group’s 2027/28 Annual Report.

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 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 on a continuous basis over the period in which the related service is provided.
- Fees charged to IFAs for compliance consultancy services, which are recognised when performance obligations are met. Membership services include support and software income that is recognised on an over-time basis in line with the access to the services. Membership services also includes specific services, such as regulatory visits and learning and development, and revenue is recognised in line with the service to the customer, at the point the service is provided.
- 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 at a point in time when commission is approved for payment by the lender, which is the point at which all performance obligations have been met.
- Fees for marketing services provided to providers of mortgage and investment products, which are recognised in line with the service provided to the customer.

Contract assets
A contract asset is initially recognised for revenue earned from services for which the receipt of consideration is conditional on the successful completion of the service and performance obligation. Upon completion of the service, the amount recognised as accrued income is reclassified to trade receivables. Contract assets are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts and are presented as 'Accrued income' in the notes to the financial statements.

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as deferred income until the Group delivers the performance obligations under the contract (i.e., transfers control of the related goods or services to the customer), at which point revenue is recognised in line with the delivery of the performance obligation.

2.6 Interest income and interest expense
Finance income is recognised as interest accrued (using the effective interest method) and includes interest receivable on the Group's cash and cash equivalents and on funds invested outside the Group. Interest received is recognised as a cash flow from investing activities in the Consolidated Statement of Cash Flows.

Finance expense comprises the unwinding of discounts on contingent consideration and interest incurred on lease liabilities recognised under IFRS 16. Finance costs are recognised in the Consolidated Statement of Total Comprehensive Income using the effective interest rate method. Interest paid is recognised as a cash flow from financing activities in the Consolidated Statement of Cash Flows.

2.7 Separately disclosed items
Separately disclosed items may include "Exceptional items" as detailed below, but may also include other items that meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It is a significant non-cash item, including share based payment charges.
- It has been directly incurred as a result of either an acquisition or divestiture, including amortisation of acquisition-related intangible assets or fair value changes of contingent consideration.
- It is unusual in nature, e.g. outside of the normal course of business.
- The operating profit/(loss) relating to non-controlling interest is also removed to reflect the adjusted operating profit attributable to the Company's shareholders.

The Board exercises judgement as to whether the item should be classified as an adjusting item within Separately disclosed items. Separately disclosed items are shown separately on the face of the Statement of Total Comprehensive Income and included within administrative expenses. Although some of these items may recur from one period to the next, operating profit has been adjusted for these items on a consistent basis to provide additional helpful information and enable an alternative comparison of performance over time. 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.

2.8 Exceptional items
Exceptional items are disclosed and described separately in the financial statements to provide further information on items which are one off and are material in size or nature and so are shown separately due to the significance of their nature and amount. This includes items which are incremental to normal operations, such as costs relating to an acquisition, disposal or integration, or impairment losses, these do not reflect the business's trading performance and so are adjusted to ensure consistency between periods.

2.9 Goodwill and intangible assets
Goodwill from a business combination is initially recognised and measured as set out in note 2.13. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (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 inflows (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 five years. An internally generated intangible asset

Notes to the Consolidated Financial Statements continued

2 ACCOUNTING POLICIES CONTINUED

2.9 Goodwill and intangible assets continued

arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

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, brand intangible assets, and acquired software 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 all asset classes at 10 years.

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

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

2.10 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment at each Statement of Financial Position date and whenever there is an indication at the end of a reporting period that the asset may be impaired. Assets subject to depreciation and amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Where the asset does not generate cash flows that are independent of other assets, the Group estimates the recoverable amount of each cash-generating unit ("CGU") to which the asset belongs. 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 of an asset or CGU exceeds its recoverable amount. The recoverable amount is the higher of the fair value less the costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Impairment losses recognised with respect to 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.

Where an impairment loss on intangible assets, excluding goodwill, subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss that has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

2.11 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 the Statement of Total Comprehensive Income.

2.12 Change in accounting estimates

During the year, the Group reviewed the useful economic life of software assets held on the balance sheet and concluded that the life should be increased from three years to five years, in order to bring it in line with the expected use of the software. This change in accounting estimate has been accounted for prospectively in the accounts, in line with IAS 8.

The effect of this increase in useful economic life in the current year accounts amounts to a decrease in amortisation and the respective increase in intangible assets on the balance sheet of £129,000. It is expected that in future years, the impact of this change will be on a similar scale.

2.13 Business combinations

Acquisitions of 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 by 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 the income statement 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; liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); 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 payment of contingent consideration will be treated as an investing cash flow of the Group.

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. Any other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognised in profit or loss. The unwinding of the discount rate where contingent consideration is discounted is recognised as a finance cost in the Statement of Comprehensive Income.

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.

2.14 Joint ventures

Joint ventures are entities in which the Company has an investment where it, along with one or more other shareholders, has contractually agreed to share control of the business and where decisions over the relevant activities require the unanimous consent of the joint partners. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, the Company initially records the investment in the consolidated Statement of Financial Position at the fair value of the purchase consideration (cost) and adjusted thereafter to recognise the Company's share of the entity's profit or loss after tax and amortisation of intangible assets.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets

Notes to the Consolidated Financial Statements continued

2 ACCOUNTING POLICIES CONTINUED

2.14 Joint ventures continued

and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Statement of Financial Position, therefore, subsequently records the Company's share of the net assets of the entity plus any goodwill and intangible assets that arose on purchase less subsequent amortisation. The Statement of Changes in Equity records the Company's share of other equity movements of the entity. At each reporting date, the Company applies judgement to determine whether there is any indication that the carrying value of joint ventures may be impaired.

If there is objective evidence that the Group's net investment in a joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture.

2.15 Leases

At the 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 commencement date of the lease, with the exception of short-term leases (defined as leases with a lease term of 12 months or less). 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 Group's incremental borrowing rate. The incremental borrowing rate is determined, where possible, by using recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received. The incremental borrowing rate depends on the term, country, currency and security of the lease, and also the start date of the lease.

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.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits held with banks by the Group. Cash equivalents are short-term (generally with an original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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 cash equivalents for the purpose only of the Consolidated Statement of Cash Flows. At 31 March 2024, there were no balances drawn down on bank overdrafts (2023: nil).

2.17 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 with terms that require delivery of the financial asset within a 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.

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

Financial investments

Financial investments are classified as fair value through profit or loss ("FVTPL") if they do not meet the criteria of Fair Value through Other Comprehensive Income ("FVOCI") or amortised cost. They are also classified as FVTPL 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.

The Group's financial investments include investments in a regulated open-ended investment company that is managed and evaluated on a fair value basis in line with the market value. These financial assets do not meet the criteria of FVOCI or amortised cost as the asset is not held to collect contractual cash flows and/or selling financial assets, and the asset's contractual cash flows do not represent solely payments of principal and interest ("SPPI").

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. The financial assets are held in order to collect the contractual cash flows and those cash flows are payments of interest and principal only.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has, therefore, concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No impairment has been recognised in the year (2023: nil).

The carrying amount of the financial assets is reduced by the use of a provision. When a trade receivable is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

Trade and other payables

Trade and other payables, except for those which are financial liabilities at FVTPL, are recognised initially at fair value and are 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 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.

2.18 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.

Notes to the Consolidated Financial Statements continued

2 ACCOUNTING POLICIES CONTINUED

2.18 Taxation continued

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary 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.

2.19 Retirement benefit costs

The Group pays into personal pension plans for which the amount charged to income with respect to 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.

2.20 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 at a general meeting prior to the reporting date.

2.21 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 in the Company and the Group. The assets held by the EBT are consolidated into the Group's financial statements. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of these shares.

2.22 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. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. Fair value is measured by use of the Black–Scholes model or Monte Carlo model, as appropriate.

2.23 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 potential impact of climate change on the Group's AUM and future net operating revenue generation is considered in the Principal Risks section of this Annual Report and Accounts. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows, including those considered in the going concern and viability assessments.

2.24 Operating segments
The Board is considered to be the chief operating decision maker ("CODM"). The Group comprises 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.

Some centrally incurred overhead costs are allocated to the Tatton and Paradigm divisions on an appropriate pro rata basis. There remain central overhead costs within the Operating Group which have not been allocated to the Tatton and Paradigm divisions which are classified as "Unallocated" within note 4.

2.25 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.

The prior year financial statements discussed critical accounting judgements in relation to the acquisition of 8AM Global Limited ("8AM") and of the Verbatim funds business in prior years and therefore are not relevant for the current year financial statements. In addition there were disclosed key sources of estimation uncertainty in relation to the contingent consideration in respect of these two acquisitions. There remains outstanding contingent consideration payments still to be made in the future that are dependent on the outcome of the performance targets. The contingent consideration for 8AM is dependent on the future profitability of the business and the contingent consideration for the Verbatim funds is dependent on the value of AUM held in the funds over the measurement periods. There are no reasonable assumptions that the Group could make about the future, or about other major sources of estimation uncertainty, in relation to the contingent consideration that would have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Therefore these have not been disclosed as key sources of estimation uncertainty in the current year.

Investments in joint ventures

Estimation uncertainty

Impairment of investments in joint ventures

Impairment exists when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. The entire carrying amount of the investment is tested for impairment, in accordance with IAS 36, as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

For the purposes of impairment testing, the cash-generating potential of the investment in the joint venture, 8AM, has been determined using a discounted cash flow model that assesses sensitivity to operating margins, discount rates and AUM growth rates. The results of the calculation indicate that the investment in 8AM is impaired, and an impairment charge of £1,250,000 has been recognised in the Statement of Total Comprehensive Income in the financial year. The remaining value of the investment in 8AM is £5.352 million.

The Group has conducted an analysis of the sensitivity to changes in the key assumptions used to determine amount and timing of cashflows. A reduction in the terminal growth rate by 1% would lead to an additional impairment of £481,000.

The impact of the discount rate used has also been considered, and a 1% increase in the discount rate applied to the discounted cash flow model would lead to an additional impairment charge of £826,000.

Notes to the Consolidated Financial Statements continued

2 ACCOUNTING POLICIES CONTINUED

2.25 Critical accounting judgements and key sources of estimation uncertainty continued

Business combinations

Critical judgement

Client relationship, brand and software intangibles purchased through corporate transactions

When the Group purchases client relationships, brands and software through transactions with other corporate entities, a judgement is made as to the identification of the intangible asset and 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. For a business combination it is determined whether all elements of a business in IFRS 3 have been met, in particular, consideration is given to the inputs, processes and outputs, and that there is at least, an input and a substantive process that together significantly contribute to the ability to create output. It has also been considered whether the integrated set of activities is capable of being conducted and managed as a business by a market participant, and judgement made as to whether the acquired process is substantive. If the acquisition is not deemed to be a business, it is treated as an acquisition of an asset or a group of assets.

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, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.26 Other estimates

Estimation uncertainty

Given the significance of share-based payments as a form of employee remuneration for the Group, management are providing additional information on the estimates involved in the accounting for share-based payments. This is not considered to be a key source of estimation uncertainty given the materiality of the impact that changes in estimates have and as a result of the changes in estimates not impacting the carrying amount of an asset or liability in the balance sheet. 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 a range of 85% to 100% of the options in various scheme years vesting for the element relating to non-market-based performance conditions. If the estimate was increased to 100% for all schemes, it would increase the charge in the next 12 months by £37,000. A decrease of 10% in the vesting assumptions would reduce the charge in the next financial year by £54,000.

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.

2.27 Alternative performance measures

In reporting financial information, the Group presents alternative performance measures ("APMs") that 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 27, 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 7.

3 CAPITAL MANAGEMENT

The components of the Group's capital are detailed on the Consolidated Statement of Financial Position and as at the reporting date the Group had capital of £43,334,000 (2023: £41,781,000). Capital generated from the business is both reinvested in the business to generate future growth and returned to shareholders principally in the form of dividends.

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 and the Capital Requirements Directive IV prescribed in the UK by the FCA. The Directive requires continual assessment of the Group's risks that 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 that it maintains sufficient and appropriate capital resources to cover the relevant risks to the business and to meet consolidated and individual regulated entity regulations and liquidity requirements. The Group assesses the adequacy of its own funds on a consolidated and legal entity basis on a frequent basis. This includes continuous monitoring of 'K-factor' variables, which captures the variable nature of risk involved in the Group's business activities. A regulatory capital update is additionally provided to senior management on a monthly basis. In addition to this, the Group has implemented a number of 'Key Risk Indicators', which act as early warning signs with the aim of notifying senior management if own funds misalign with the Group's risk appetite and internal thresholds.

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 (based on 25% of fixed overheads), its Own Harm requirement (based on the Group's requirement for harms from ongoing activities as calculated in the ICARA) and Wind-down requirement (capital requirement should the firm wind down). The total capital requirement for the Group is £4.27 million (unaudited), which is based on the Group's Own Funds Requirement. As at 31 March 2024, the Group has regulatory capital resources of £9.52 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 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 and Paradigm, with centrally incurred overhead costs applicable to the segments being allocated to the Tatton and Paradigm divisions on an appropriate pro-rata basis. Unallocated central overhead costs of the Operating Group are classified as "Unallocated" in the table below to provide a reconciliation of the segment information to the financial statements. Unallocated costs include general corporate expenses, head office salaries, and other administrative costs that are not directly attributable to the operating segments. These costs are managed at the corporate level and are not allocated to the segments for performance evaluation.

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 the provision of support services to IFAs and mortgage advisers. For management purposes, the Group uses the same measurement policies as are used in its financial statements. The Paradigm division includes the trading subsidiaries of Paradigm Partners Limited and Paradigm Mortgages Services LLP, which operate as one operating segment as they have the same economic characteristics, they are run and managed by the same management team, and the methods used to distribute the products to customers are the same. The information presented in this Note is consistent with the presentation for internal reporting. Total assets and liabilities for each operating segment are not regularly provided to the CODM.

Notes to the Consolidated Financial Statements continued

4 SEGMENT REPORTING CONTINUED

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

YEAR ENDED 31 MARCH 2024	TATTON (£'000)	PARADIGM (£'000)	UNALLOCATED (£'000)	GROUP (£'000)
Revenue	**30,864**	**5,943**	**–**	**36,807**
Share of post-tax loss from joint ventures	**(1,188)**	**–**	**–**	**(1,188)**
Administrative expenses	**(11,092)**	**(4,421)**	**(3,642)**	**(19,155)**
Operating profit/(loss)	**18,584**	**1,522**	**(3,642)**	**16,464**
Share-based payments	**340**	**186**	**932**	**1,458**
Gain arising on changes in fair value of contingent consideration	**(1,350)**	**–**	**–**	**(1,350)**
Exceptional items	**1,250**	**–**	**–**	**1,250**
Amortisation of acquisition-related intangible assets	**621**	**12**	**–**	**633**
Non-controlling interest	**–**	**59**	**–**	**59**
Adjusted operating profit/(loss)[1]	**19,445**	**1,779**	**(2,710)**	**18,514**

YEAR ENDED 31 MARCH 2024	TATTON (£'000)	PARADIGM (£'000)	UNALLOCATED (£'000)	GROUP (£'000)
Statutory operating costs included the following:				
Depreciation	**249**	**112**	**14**	**375**
Amortisation	**734**	**16**	**–**	**750**

YEAR ENDED 31 MARCH 2023	TATTON (£'000)	PARADIGM (£'000)	UNALLOCATED (£'000)	GROUP (£'000)
Revenue	25,929	6,396	2	32,327
Share of post tax profit from joint ventures	160	–	–	160
Administrative expenses (restated)	(9,084)	(4,191)	(2,602)	(15,877)
Operating profit/(loss) (restated)	17,005	2,205	(2,600)	16,610
Share-based payments (restated)	544	192	775	1,511
Exceptional items	398	–	–	398
Gain arising on changes in fair value of contingent consideration	(2,651)	–	–	(2,651)
Amortisation of acquisition-related intangible assets	534	–	–	534
Adjusted operating profit/(loss)[1]	15,830	2,397	(1,825)	16,402

YEAR ENDED 31 MARCH 2023	TATTON (£'000)	PARADIGM (£'000)	UNALLOCATED (£'000)	GROUP (£'000)
Statutory operating costs included the following:				
Depreciation	238	135	11	384
Amortisation	769	12	–	781

All turnover arose in the United Kingdom. Note that the share-based payments costs in the prior year have been restated to reflect the charge relating to employees of the relevant divisions. This has reduced administrative expenses within 'Unallocated', with an increased charge being reflected in Tatton and Paradigm.

The key decision makers use the KPIs as detailed on pages 18 and 19.

1. Alternative performance measures are detailed in note 27.

5 REVENUE

The disaggregation of consolidated revenue is as follows:

OPERATING SEGMENT	MAJOR PRODUCT/SERVICE LINES	**31-MAR 2024 (£'000)**	31-MAR 2023 (£'000)
Tatton	Investment management fees	**30,864**	25,929
Paradigm	IFA consulting and support services income	**2,221**	2,276
Paradigm	Mortgage-related services income	**2,990**	3,342
Paradigm	Marketing income	**732**	778
	Central income (presented as a reconciling item to Group revenue)	**–**	2
		36,807	32,327

The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating segments (see note 4). All the revenue relates to trading undertaken in the UK.

Investment management fees are recurring charges derived from the market value of retail customer assets, based on asset mix and portfolio size, and are, therefore, subject to market and economic risks. The rate charged is variable and is dependent on the product. Although most ongoing revenue is based on the value of underlying benefits, these are not considered to constitute variable income in which significant judgement or estimation is involved. The calculations are based on short timelines or point-in-time calculations that represent the end of a quantifiable period, in accordance with the contract. These are charged to and paid by the client on the same value, constituting the transaction price for the specified period. At any time during the period, a client may choose to remove their assets from a service and no further revenue is received.

All obligations to the customer are satisfied at the end of the period in which the service is provided for ongoing revenue, with payment being due immediately.

IFA consulting and support services income and marketing income are fixed based on the service provided. The rate charged for mortgage-related services income is variable and is dependent on the product. See note 2.5 for details of when revenue is recognised for the Paradigm product lines, including compliance consultancy services, mortgage-related services and marketing services.

There are no elements of revenue that relate to contracts with an expected duration of over on year, therefore the Group has applied the practical expedient for contracts less than one year.

6 OPERATING PROFIT

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

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Amortisation of software	**117**	247
Amortisation of acquisition-related intangibles (note 7)	**633**	534
Depreciation of property, plant and equipment (note 16)	**159**	168
Depreciation of right-of-use assets (note 16)	**216**	216
Impairment of investment in joint venture (note 7)	**1,250**	–
Loss arising on financial assets designated as FVTPL	**2**	28
Employee benefit expense (note 12)	**12,448**	10,764
Gain arising on changes in fair value of contingent consideration (note 7)	**(1,350)**	(2,651)
Services provided by the Group's auditor:		
Audit of the statutory consolidated and Company financial statements of		
Tatton Asset Management plc	**130**	121
Audit of subsidiaries	**79**	66
Other fees payable to auditor:		
Non-audit services	**9**	8

Total audit fees were £209,000 (2023: £187,000). Total non-audit fees payable to the auditor were £9,000 (2023: £8,000).

'Amortisation of software' in the table above excludes £12,000 (2023: £nil) of amortisation relating to the software acquired on acquisition of Fintegrate, which is included in the £633,000 (2023: £534,000) of amortisation of acquisition-related intangibles.

Notes to the Consolidated Financial Statements continued

7 SEPARATELY DISCLOSED ITEMS

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Gain arising on changes in fair value of contingent consideration	**(1,350)**	(2,651)
Exceptional costs	**1,250**	398
Share-based payment charges	**1,458**	1,511
Operating loss due to non-controlling interest	**59**	–
Amortisation of acquisition-related intangible assets	**633**	534
Total separately disclosed items	**2,050**	(208)

Separately disclosed items that are shown separately on the face of the Statement of Total Comprehensive Income reflect costs and income that do not reflect the Group's trading performance and may be considered material (individually or in aggregate if of a similar type) due to their size or frequency, and are adjusted to present Adjusted operating profit so as to ensure consistency between periods. The costs or income above are all included within administrative expenses except for the Exceptional costs in FY24 of £1,250,000 which is recognised within the Share of loss of joint ventures.

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 regarding 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.

Gain arising on changes in fair value of acquisition-related items
During the year, the Group revalued its financial liability at fair value through profit or loss relating to the contingent consideration on the acquisition of the Verbatim funds business and 8AM Global Limited. This has resulted in a credit of £1,350,000 being recognised in the year (2023: £2,651,000).

Exceptional items
During the year, the Group has reviewed the investment in the 8AM joint venture for impairment and has recognised an impairment loss in the year of £1,250,000. Further information is included in note 13. As the impairment of the investment is a non-cash item, there are no cash flows from exceptional items included on the Consolidated Statement of Cash Flows.

During the prior year, the Group acquired 50% of the share capital of 8AM Global Limited. The Group incurred professional fees of £229,000 during the process, which have been treated as exceptional items. The Group also incurred other one-off costs of £169,000 during the prior year, including costs in relation to the acquisition of the Verbatim funds business in 2022.

Share-based payment charges
Share-based payments is a recurring item, although the value will change depending on the estimation of the satisfaction of performance obligations attached to certain awards. It is an adjustment to operating profit since it is a significant non-cash item. Adjusted operating profit represents largely cash-based earnings and more directly relates to the trading performance of the financial reporting period.

Operating loss due to non-controlling interest
There are £59,000 of losses within the Group's operating profit relating to the non-controlling interest in Fintegrate Financial Solutions Limited. This has been excluded from the Group's adjusted operating profit to reflect the adjusted operating profit attributable to the Group.

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 includes £207,000 of amortisation of the intangibles recognised on the acquisition of 8AM, where the amortisation charge is included within the Share of profit from joint venture on the Consolidated Statement of Total Comprehensive Income. This amortisation charge is recurring over the life of the intangible asset, although it is an adjustment to operating profit since it is a significant non-cash item. Adjusted operating profit represents largely cash-based earnings and more directly relates to the trading performance of the financial reporting period.

8 FINANCE INCOME

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Bank interest income	**640**	–
Total finance income	**640**	–

9 FINANCE COSTS

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Unwinding of the discount on contingent consideration	**(201)**	(228)
Interest expense on lease liabilities	**(6)**	(14)
Bank interest income	**–**	6
Interest payable in the servicing of banking facilities	**(146)**	(378)
Total finance costs	**(353)**	(614)

10 TAXATION

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Current tax expense		
Current tax on profits for the period	**4,798**	3,159
Adjustment for (over)/under provision in prior periods	**(290)**	14
	4,508	3,173
Deferred tax credit		
Current year (credit)/charge	**(173)**	(371)
Adjustment with respect to previous years	**(505)**	(56)
Effect of changes in tax rates	**–**	(123)
	(678)	(550)
Total tax expense	**3,830**	2,623

Deferred tax credit includes £33,000 relating to the release of the deferred tax liability on the investment in 8AM Global Limited, which is recognised within the 'Investment in joint ventures' balance on the Consolidated Statement of Financial Position.

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 2024 (£'000)	31-MAR 2023 (£'000)
Profit before taxation	**16,751**	15,996
Tax at UK corporation tax rate of 25% (2023: 19%)	**4,188**	3,039
Expenses not deductible for tax purposes	**462**	93
Income not taxable	**(443)**	(533)
Adjustments with respect to previous years	**(795)**	(41)
Effect of changes in tax rates	**–**	(122)
Capital allowances in excess of depreciation	**6**	3
Deferred tax asset not recognised	**142**	–
Share-based payments	**270**	184
Total tax expense	**3,830**	2,623

The increase in the UK corporation tax rate from 19% to 25% became effective on 1 April 2023. The deferred tax asset in both the current and prior year was calculated based on this rate, reflecting the expected timing of reversal of the related temporary differences. £603,000 of the adjustments with respect of prior years relates to the reversal of a deferred tax liability on the Verbatim intangible assets following the remeasurement of the tax base of the asset.

Notes to the Consolidated Financial Statements continued

11 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 2024	31-MAR 2023
Basic		
Weighted average number of shares in issue[1]	**61,064,870**	59,608,203
Effect of own shares held by an EBT	**(358,196)**	–
	60,706,674	59,608,203
Diluted		
Effect of weighted average number of options outstanding for the year	**1,075,124**	2,006,603
Weighted average number of shares (diluted)[2]	**61,781,798**	61,614,806
Fully diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**1,096,621**	1,192,528
Adjusted diluted weighted average number of options and shares for the year[3]	**62,878,419**	62,807,334

1. The weighted average number of shares in issue includes contingently issuable shares where performance obligations have been met and there will be little to no cash consideration, but the share options have yet to be exercised.
2. The weighted average number of shares is diluted due to the effect of potentially dilutive contingent issuable shares from share option schemes.
3. 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.

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 2024, the EBT purchased 1,005,696 (2023: 139,500) of the Company's own shares. The Company utilised 346,896 (2023: 139,500) of the shares during the year to satisfy the exercise of employee share options. At March 2024, there remained 658,800 of the Company's own shares being held by the EBT (2023: nil).

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Earnings attributable to ordinary shareholders		
Basic and diluted profit for the period	**12,986**	13,373
Share-based payments – IFRS 2 option charges	**1,458**	1,511
Amortisation of acquisition-related intangible assets	**633**	534
Exceptional costs (note 7)	**1,250**	398
Gain arising on changes in fair value of contingent consideration (note 7)	**(1,350)**	(2,651)
Unwinding of discount on contingent consideration (note 9)	**201**	228
Tax impact of adjustments	**(770)**	(447)
Adjusted basic and diluted profits for the period and attributable earnings	**14,408**	12,946
Earnings per share (pence) – Basic	**21.39**	22.43
Earnings per share (pence) – Diluted	**21.02**	21.70
Adjusted earnings per share (pence) – Basic	**23.73**	21.72
Adjusted earnings per share (pence) – Diluted	**23.32**	21.01
Adjusted earnings per share (pence) – Fully Diluted	**22.91**	20.61

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. The Company's dividend policy is described in the Directors' Report on pages 62 and 63. As at 31 March 2024, the Company's distributable reserves were £7,761,000 (2023: £9,562,000).

During the year, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2023 of £6,006,000 representing a payment of 10p per share. During FY23 £4,810,000 was paid as the final dividend related to the year ended 31 March 2022 representing 8.5p per share. In addition, the Company paid an interim dividend of £4,841,000 (2023: £2,904,000) to its equity shareholders. This represents a payment of 8.0p per share (2023: 4.5p per share).

The Directors are proposing a final dividend with respect to the financial year ended 31 March 2024 of 8.0p (2023: 10.0p) per share, which will absorb £4,841,000 (2023: £6,006,000) of shareholders' funds. It will be paid on 6 August 2024 to shareholders who are on the register of members on 28 June 2024.

During the year to March 2024, the Directors became aware that interim dividends paid in 2020, 2021, 2022 and 2023 were made other than in accordance with the Companies Act 2006 because interim accounts had not been filed prior to payment. In addition, the Board became aware that the calculation of distributable reserves for FY21 was completed across the Group rather than the Company meaning that there were insufficient distributable profits in the Company at the time the final dividend relating to FY21 was paid in July 2021, A resolution has been proposed for the Annual General Meeting due to be held on 30 July 2024 to authorise the appropriation of distributable profits to the payment of the relevant dividends, and remove any right for the Company to pursue shareholders or Directors for repayment. The overall effect of the resolution would be to return all parties to the position they would have been in, should the relevant dividends have been made in full compliance with the Companies Act 2006.

12 STAFF COSTS

The staff costs were as follows:

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Wages, salaries and bonuses	**9,468**	7,934
Social security costs	**1,161**	1,032
Pension costs	**361**	287
Share-based payments	**1,458**	1,511
Total employee benefit expense	**12,448**	10,764

The remuneration relating to Executive Directors has been included in the figures above. In the prior year, these costs were presented separately and so the prior year figures have been restated to include Executive Directors' remuneration for consistency.

The average monthly number of employees (including Executive Directors) during the year was as follows:

	31-MAR 2024	31-MAR 2023
Administration	**101**	94
Key management	**3**	3
	104	97

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 2024 (£'000)	31-MAR 2023 (£'000)
Short-term employee benefits	**2,058**	1,434
Post-employment benefits	**10**	4
Share-based payments	**571**	676
	2,639	2,114

The table above shows the remuneration for both Executive Directors and Non-Executive Directors, whereas in the prior year, Non-Executive Directors' fees of £270,000 were shown separately.

The Group incurred social security costs of £293,000 (2023: £195,000) on the remuneration of the Directors and Non-Executive Directors. Retirement benefits are accruing to one Director (2023: one) under a defined contribution pension scheme. Within the figures above is £10,000 of company contributions paid to a pension scheme in respect of this Director's qualifying services.

Dividends totalling £2,026,000 (2023: £1,458,000) were paid in the year with respect to ordinary shares held by the Company's Directors. The aggregate gains made by the Directors on the exercise of share options during the year were £248,250 (2023: £190,750).

The remuneration of individual Directors is provided in the Remuneration Committee report on pages 58 to 61. The Directors' remuneration disclosures on pages 58 to 61 of this Annual Report form part of these financial statements.

Notes to the Consolidated Financial Statements continued

12 STAFF COSTS CONTINUED

Key management compensation continued

The remuneration of the highest paid Director was:

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Total remuneration and benefits in kind	**695**	424

The highest paid Director exercised nil share options in the period (2023: nil). There were 20,000 share options granted to the highest paid Director in the year (2023: 30,000). There was £nil (2023: £nil) of money or net assets (other than share options) paid to or receivable by the highest paid Director under long term incentive schemes in respect of qualifying services. The highest paid Director received £1,740,000 (2023: £1,257,000) in dividends in the year with respect to ordinary shares held by the Director and connected parties. No contributions were made to a defined contribution scheme with respect to the highest paid Director in the period.

13 INVESTMENTS IN JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

	(£'000)
At 1 April 2023	**6,762**
Profit for the year after tax	269
Amortisation of intangible assets relating to joint ventures	(207)
Deferred tax credit on amortisation of intangible assets relating to joint ventures	33
Impairment loss	(1,250)
Distributions of profit	(255)
At 31 March 2024	**5,352**

An impairment review was carried out over the investment in 8AM Global Limited ("8AM") due to the trading performance of the entity being lower than expected. A value in use calculation has been performed with the recoverable amount being lower than the carrying value of the investment. An impairment loss of £1,250,000 has been recognised within administrative expenses in the Consolidated Statement of Total Comprehensive Income in the year. The pre-tax discount rate applied to the cashflow forecasts has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, company size premium and a risk adjustment (beta), grossed up to a pre-tax rate. The pre-tax discount rate used to calculate value is 16.3% (2023: 11.2%).

The value-in-use is calculated from cash flow projections based on the Group's forecasts for the five years ending 31 March 2029. The Group's latest forecasts, which covers a five-year period, are reviewed by the Board. The Group has also considered expectations about possible variations in the amount or timing of those cash flows, details about changes in assumptions and the impact of these changes is detailed in note 2.25. A declining growth rate of 13% down to 5% has been applied for the ten year period following the five-year forecast period and a terminal growth rate of 2.5% for the investment in 8AM has been applied to year fifteen cash flows. The terminal growth rate is prudent given the historical growth seen by the Group in the market in which 8AM operates, and does not exceed the long-term industry average growth rate.

8AM belongs to the Tatton operating segment as disclosed within note 4.

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

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements, as set out in the Group's accounting policies in note 2.

Summarised financial information in respect of the Group's only material joint venture, 8AM, is set out below.

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Non-current assets	**29**	35
Current assets	**645**	934
Current liabilities	**(178)**	(502)
Total equity	**496**	467
Group's share of net assets	**238**	224
Goodwill and intangible assets	**5,551**	7,009
Deferred tax liability	**(437)**	(471)
Carrying value held by the Group	**5,352**	6,762

Current assets above include £345,000 of cash and cash equivalents (2023: £675,000). There are no current or non-current financial liabilities excluding trade and other payables and provisions included in current liabilities and non-current liabilities.

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Revenue	**1,732**	1,512
Profit for the year/period	**539**	320
Dividends received from the joint ventures in the year/period	**255**	60
The above profit for the year/period includes the following:		
Depreciation and amortisation	**7**	8
Interest income	**6**	–
Income tax expense	**282**	78

There is no interest expense in the year (2023: £nil).

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Joint Venture's profit for the year/period	**539**	320
Group's share profit for the year/period before adjustments	**269**	160
Amortisation of customer relationship intangible assets	**(207)**	(121)
Impairment loss	**(1,250)**	–
Group's share of (loss)/profit for the year/period	**(1,188)**	39

8AM Global Limited has a reporting date of 30 June. The net asset position shown in the table above is as at 31 March to align with the Group's own reporting. Niche Investment Management Limited and Becketts Wealth Limited both have a reporting date of 31 March, in line with the Group. The comparative figures for income and expense for the prior year reflect the results of 8AM Global Limited since its acquisition by the Group.

The Group's interest in all individually immaterial joint ventures accounted for using the equity method is £nil (2023: £nil). The Group's share of profit for the year for these joint ventures is £nil (2023: £nil).

Notes to the Consolidated Financial Statements continued

14 GOODWILL

	GOODWILL (£'000)
Cost and carrying value at 1 April 2022 and 31 March 2023	9,337
Recognised as part of a business combination	459
Cost and carrying value at 31 March 2024	**9,796**

The carrying value of goodwill includes £9.4 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, £3.1 million of goodwill generated on the acquisition of the Verbatim funds business and £0.5 million of goodwill generated on the acquisition of 56.49% Fintegrate Financial Solutions Limited within the financial year (see note 25).

The carrying value of goodwill also includes £0.4 million allocated to the Paradigm operating segment and CGU relating to the acquisition of Paradigm Mortgage Services LLP.

Goodwill relating to 8AM Global Limited is shown within the Investments in Joint Ventures (see note 13).

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 an 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 that 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 2024 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 next five years ending 31 March 2029. The Group's latest financial forecasts, which cover a five-year period, are reviewed by the Board. A terminal growth rate of 5% (2023: 5%) for the Tatton CGU has been applied to year five cash flows. The terminal growth rate is prudent, given the historical growth seen by the Group, and does not exceed the long-term industry average growth rate. A terminal growth rate of 0% has been applied to the Paradigm Mortgage Services LLP CGU that reflects the outer year budget revenue.

Discount rates
The pre-tax discount rate applied to the cashflow forecasts is derived from the average of the pre-tax weighted average cost of capital used by a large number of comparable businesses, the data for which is externally available. It is assumed that these businesses have a similar level of risk to the Group. The pre-tax discount rate used to calculate value is 14.4% (2023: 11.2%) and has been used for all CGUs.

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. Forecast sales growth rates are based on past experience, which has been adjusted for the strategic direction and near-term investment priorities for each CGU. The Tatton CGU has not budgeted for any market movements and has used an average growth rate of net flows of 10%, which management believe is prudent given the size of the market and historical growth. The Paradigm Mortgage Services LLP CGU has an assumed 8% per annum increase in completions for years 1-3 and then no growth thereafter.

From the assessment performed, no reasonably possible change in a key assumption would cause the recoverable amount of either the Tatton CGU or the Paradigm Mortgage Services LLP CGU to equal its carrying value.

15 INTANGIBLE ASSETS

	COMPUTER SOFTWARE (£'000)	CLIENT RELATIONSHIPS (£'000)	BRAND (£'000)	TOTAL (£'000)
Cost				
Balance at 31 March 2022	1,006	4,034	98	5,138
Additions	229	–	–	229
Balance at 31 March 2023	1,235	4,034	98	5,367
Additions	249	–	–	249
Acquired as part of a business combination	365	–	–	365
Balance at 31 March 2024	**1,849**	**4,034**	**98**	**5,981**
Accumulated amortisation and impairment				
Balance at 31 March 2022	(645)	(441)	(5)	(1,091)
Charge for the period	(247)	(404)	(10)	(661)
Balance at 31 March 2023	(892)	(845)	(15)	(1,752)
Charge for the period	(129)	(404)	(10)	(543)
Balance at 31 March 2024	**(1,021)**	**(1,249)**	**(25)**	**(2,295)**
Net book value				
As at 31 March 2022	361	3,593	93	4,047
As at 31 March 2023	343	3,189	83	3,615
As at 31 March 2024	**828**	**2,785**	**73**	**3,686**

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

16 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 2022	345	477	991	1,813
Additions	86	3	–	89
Disposals	(77)	–	–	(77)
Balance at 31 March 2023	354	480	991	1,825
Additions	97	18	622	737
Disposals	(104)	–	(689)	(793)
Balance at 31 March 2024	**347**	**498**	**924**	**1,769**
Accumulated depreciation and impairment				
Balance at 31 March 2022	(239)	(302)	(523)	(1,064)
Charge for the period	(72)	(96)	(216)	(384)
Disposals	77	–	–	77
Balance at 31 March 2023	(234)	(398)	(739)	(1,371)
Charge for the period	(86)	(73)	(216)	(375)
Disposals	104	–	689	793
Balance at 31 March 2024	**(216)**	**(471)**	**(266)**	**(953)**
Net book value				
As at 31 March 2022	106	175	468	749
As at 31 March 2023	120	82	252	454
As at 31 March 2024	**131**	**27**	**658**	**816**

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 short-term leases and so has not recognised IT equipment within ROU assets. The average lease term is five years. One lease expired in the year and a new lease was entered into in its place. The maturity analysis for lease liabilities is shown in note 21. The future lease payments relating to lease liabilities are fixed.

Notes to the Consolidated Financial Statements continued

16 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Right-of-use assets

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Amounts recognised in profit and loss		
Depreciation on right-of-use assets	**(216)**	(216)
Interest expense on lease liabilities	**(6)**	(14)
Expense relating to short-term leases	**(66)**	(59)
	(288)	(289)

At 31 March 2024, the Group is committed to £64,000 for short-term leases (2023: £80,000).

The total cash outflow for all leases amounts to £294,000 (2023: £339,000). The cash outflows for the principal portion of lease liabilities and for the interest portion of lease liabilities is shown within financing activities in the Consolidated Statement of Cash Flows. The cash outflows for the payments of short-term leases are shown within operating activities in the Consolidated Statement of Cash Flows.

17 TRADE AND OTHER RECEIVABLES

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Trade receivables	**878**	278
Accrued income	**3,427**	2,614
Prepayments	**756**	843
Other receivables	**235**	47
	5,296	3,782
Less non-current portion:		
Other receivables	**(188)**	–
Total non-current trade and other receivables	**(188)**	–
Total current trade and other receivables	**5,108**	3,782

Trade and other receivables, excluding prepayments, are financial assets. The carrying value of these financial assets are considered a fair approximation of their fair value. Accrued income is made up of contract assets which are balances due from customers that arise when the Group delivers the service. Payment for services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. This usually relates to providing one month of investment management service prior to receiving the cash from the customer in the following month. The balance of trade receivables and of accrued income at 1 April 2022 was £329,000 and £2,653,000 respectively.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables and accrued income 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 (2023: £nil).

Trade receivable amounts are all held in sterling.

18 TRADE AND OTHER PAYABLES

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Trade payables	**328**	397
Amounts due to related parties	**–**	234
Accruals	**4,389**	3,301
Deferred income	**238**	138
Contingent consideration	**903**	2,989
Lease liabilities	**659**	261
Other payables	**2,608**	2,845
	9,125	10,165
Less non-current portion:		
Contingent consideration	**(402)**	(2,209)
Lease liabilities	**(567)**	(45)
Other payables	**(47)**	–
Total non-current trade and other payables	**(1,016)**	(2,254)
Total current trade and other payables	**8,109**	7,911

Trade payables, accruals, lease liabilities, contingent consideration and other payables are considered financial liabilities. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Within other payables, there is a loan of £46k that holds a fixed and floating charge over all present and future property and undertakings of Fintegrate Financial Solutions Limited.

Trade payable amounts are all held in sterling.

19 DEFERRED TAXATION

	DEFERRED CAPITAL ALLOWANCES (£'000)	SHORT-TERM TIMING DIFFERENCES (£'000)	SHARE-BASED PAYMENTS (£'000)	ACQUISITION INTANGIBLES (£'000)	TOTAL (£'000)
Asset/(liability) at 31 March 2022	(63)	–	1,800	(896)	841
Income statement credit	49	–	251	99	399
Equity credit	–	–	18	–	18
Asset/(liability) at 31 March 2023	(14)	–	2,069	(797)	1,258
Income statement credit/(charge)	**(120)**	**28**	**101**	**636**	**645**
Recognised as part of a business combination	**–**	**–**	**–**	**(92)**	**(92)**
Equity credit	**–**	**–**	**760**	**–**	**760**
Asset/(liability) at 31 March 2024	**(134)**	**28**	**2,930**	**(253)**	**2,571**

A deferred tax asset of £177,000 on a temporary timing difference of £710,000 relating to a difference between the carrying value and the tax base of intangibles acquired in Tatton Capital Limited relating to Verbatim has not been recognised as it is not expected that the temporary difference would reverse in the foreseeable future.

Notes to the Consolidated Financial Statements continued

20 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 APRIL 2022 (£'000)	FINANCING CASH FLOWS (£'000)	NON-CASH CHANGES: INTEREST (£'000)	31 MARCH 2023 (£'000)	**FINANCING CASH FLOWS (£'000)**	**ADDITIONS (£'000)**	**NON-CASH CHANGES: INTEREST (£'000)**	**31 MARCH 2024 (£'000)**
Long-term borrowings	–	–	–	–	–	62	–	**62**
Short-term borrowings	–	–	–	–	(18)	141	3	**126**
Lease liabilities	516	(269)	14	261	(230)	622	6	**659**
	516	(269)	14	261	**(248)**	**825**	**9**	**847**

Long-term and short-term borrowings relate to interest-bearing borrowings added on the acquisition of Fintegrate Financial Solutions Limited. These are disclosed within Other payables within note 18.

21 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.

Categories of financial instruments

The financial assets and liabilities of the Group are detailed below:

	AT 31 MARCH 2024				AT 31 MARCH 2023			
	AMORTISED COST (£'000)	**FINANCIAL LIABILITIES (£'000)**	**FVPL (£'000)**	**CARRYING VALUE (£'000)**	AMORTISED COST (£'000)	FINANCIAL LIABILITIES (£'000)	FVPL (£'000)	CARRYING VALUE (£'000)
Financial assets								
Financial assets at FVPL	**–**	**–**	**106**	**106**	–	–	123	123
Trade receivables	**878**	**–**	**–**	**878**	278	–	–	278
Accrued income	**3,427**	**–**	**–**	**3,427**	2,614	–	–	2,614
Other receivables	**235**	**–**	**–**	**235**	47	–	–	47
Cash and cash equivalents	**24,838**	**–**	**–**	**24,838**	26,494	–	–	26,494
	29,378	**–**	**106**	**29,484**	29,433	–	123	29,556
Financial liabilities								
Trade and other payables	**–**	**8,228**	**–**	**8,228**	–	9,532	–	9,532
Lease liabilities	**–**	**659**	**–**	**659**	–	261	–	261
	–	**8,887**	**–**	**8,887**	–	9,793	–	9,793

Fair value estimation

IFRS 7 requires the 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 held at amortised cost and are classified as level 1. The carrying amount of these financial assets at amortised cost approximate to their fair value. 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 2024 (£'000)	31-MAR 2023 (£'000)
Financial investments in regulated funds or model portfolios	**106**	123

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.

Contingent consideration has been valued using a discounted cash flow method that was used to capture the present value arising from the contingent consideration. The unobservable inputs are:

- The risk-adjusted discount rate of 8.01%; and
- Probability-adjusted level of assets under management, which have a range of £246,000,000 to £390,000,000.

The higher the discount rate, the lower the fair value. If the discount rate was 1% higher/lower while all other variables were held constant, the carrying amount would decrease/increase by £8,000. If the weighted average of AUM increased/decreased by £10,000,000, the carrying amount would increase/decrease by £29,000.

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

CONTINGENT CONSIDERATION	£'000
Balance at 1 April 2022	2,486
Recognition of contingent consideration as part of a business combination	2,926
Unwinding of discount rate	228
Changes in fair value of contingent consideration	(2,651)
Balance at 31 March 2023	**2,989**
Contingent consideration paid	(937)
Unwinding of discount rate	201
Changes in fair value of contingent consideration	(1,350)
Balance at 31 March 2024	**903**

The unwinding of the discount rate and the changes in fair value of contingent consideration have been recognised in the Consolidated Statement of Total Comprehensive Income.

During the year, a payment of £250,000 was made relating to the contingent consideration due for the acquisition of 8AM Global Limited. At 31 March 2023, the undiscounted liability held for this first payment totalled £101,000. A payment of £687,000 was made relating to the contingent consideration due for the acquisition of the Verbatim funds. At 31 March 2023, the undiscounted liability held for this first payment amounted to £706,000.

The fair value of the remaining contingent consideration for 8AM and Verbatim was reviewed at 31 March 2024 using a discounted cash flow analysis. The expected cash flows are estimated based on the Group's knowledge of the business and how the current economic environment is likely to impact it. For 8AM Global Limited, the second contingent consideration payment is based on the run rate EBIT at deferred payment date compared to that at acquisition. The unobservable inputs for the 8AM contingent consideration include the risk-adjusted discount rate of 8.0% (2023: 7.8%) and future profitability of the business of up to £500,000. If the discount rate were to change by 1%, this would increase/decrease the fair value of contingent consideration by £nil. If profitability were to be 10% higher or lower, the fair value of contingent consideration would increase/decrease by £nil.

Based on results to date, it was deemed extremely unlikely that the conditions for payment would be made and so the brought forward liability of £889,000 relating to 8AM was released.

For Verbatim, the expected change in AUM and resulting cash flows are estimated based on the Group's knowledge of the business and how the current economic environment is likely to impact it. The contingent consideration payable is dependent on the total value of AUM at the payment date compared to the value of AUM at acquisition, £650m. The scenarios used to calculate the deferred payments were updated to include AUM movements to date and management's perception of likelihood of occurrence. This lead to a reduction of £461,000 in the value of contingent consideration recognised.

The unobservable inputs for the Verbatim contingent consideration include the risk-adjusted discount rate of 8.0% (2023: 7.8%) and future AUM of the funds ranging in value up to £400m. If the discount rate were to change by 1%, this would increase/decrease the fair value of contingent consideration by £8,000. If AUM were to be 10% higher or lower, the fair value of contingent consideration would increase/decrease by £90,000.

Interest rate risk

The Group finances its operations through retained profits. The Group's cash and cash equivalents balance of £24,838,000 and borrowings of £85,000 are the financial instruments subject to variable interest rate risk. The impact of a 1% increase or decrease in interest rate on the post-tax profit is not material to the Group.

Notes to the Consolidated Financial Statements continued

21 FINANCIAL INSTRUMENTS CONTINUED

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 its financial assets recognised at 31 March.

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 2024 (£'000)	31-MAR 2023 (£'000)
Not more than 3 months	**814**	233
More than 3 months but not more than 6 months	**42**	30
More than 6 months but not more than 1 year	**14**	6
More than 1 year	**8**	8
Total	**878**	277

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 where the Group has reasonable and supportable information that demonstrates otherwise.

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 the 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. 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.

At 31 March 2024, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	CURRENT		**NON-CURRENT**	
AT 31 MARCH 2024	**WITHIN 6 MONTHS (£'000)**	**6 TO 12 MONTHS (£'000)**	**1 TO 5 YEARS (£'000)**	**LATER THAN 5 YEARS (£'000)**
Trade and other payables	**7,259**	**4**	**57**	**5**
Lease liabilities	**95**	**56**	**644**	**–**
Contingent consideration	**521**	**–**	**451**	**–**
Total	**7,875**	**60**	**1,152**	**5**

Lease liabilities above totalling £795k are the undiscounted values of the total lease liability of £659k as shown in note 18. Contingent consideration above totalling £972k is the undiscounted liability of the contingent consideration of £903k as shown in note 18.

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 2023	WITHIN 6 MONTHS (£'000)	6 TO 12 MONTHS (£'000)	1 TO 5 YEARS (£'000)	LATER THAN 5 YEARS (£'000)
Trade and other payables	6,775	–	–	–
Lease liabilities	134	88	46	–
Contingent consideration	807	–	2,527	–
Total	7,716	88	2,573	–

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, this 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 £5,000 higher/lower, due to changes in the fair value of financial assets at fair value through profit or loss.

22 SHARE CAPITAL

	NUMBER OF SHARES
Authorised, called-up and fully paid £0.20 ordinary shares	
At 1 April 2022	58,914,887
Issue of share capital on exercise of employee share options	263,098
Issue of share capital on purchase of a joint venture	877,737
At 1 April 2023	60,055,722
Issue of share capital on exercise of employee share options	455,678
At 31 March 2024	**60,511,400**

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

23 OWN SHARES

The following movements in own shares occurred during the year:

	NUMBER OF SHARES	£'000
At 1 April 2022	–	–
Acquired in the year	139,500	28
Utilised on exercise of employee share options	(139,500)	(28)
At 1 April 2023	–	–
Acquired in the year	658,800	3,278
New share capital issued to the EBT	346,896	69
Utilised on exercise of employee share options	(346,896)	(69)
At 31 March 2024	**658,800**	**3,278**

Own shares represent the cost of the Company's own shares, either purchased in the market or issued by the Company, which are held by an EBT to satisfy future awards under the Group's share-based payment schemes (note 24).

Notes to the Consolidated Financial Statements continued

24 SHARE-BASED PAYMENTS

During the year, a number of share-based payment schemes and share options schemes have been utilised by the Group, described under 24.1 Current schemes.

24.1 Current schemes

(i) Tatton Asset Management plc EMI Scheme ("TAM EMI Scheme")

On 7 July 2017, the Group launched an EMI share option scheme relating to shares in Tatton Asset Management plc, to enable senior management to participate in the equity of the Company. 3,022,733 options with a weighted average exercise price of £1.89 were granted, exercisable in July 2020. There have been nil (2023: nil) options exercised during the year from this scheme.

The scheme was extended on 8 August 2018, with 1,720,138 zero-cost options granted. This scheme vested in August 2021 and 50,000 options were exercised in the year (2023: 50,000). The scheme was extended again on 1 August 2019, 28 July 2020, 15 July 2021 and 25 July 2022 with 193,000, 1,000,000, 279,858 and 274,268 zero-cost options granted in each respective year. These options are exercisable on the third anniversary of the grant date. There were 204,523 zero-cost options granted in the current year financial year on 24 July 2023.

The options granted in 2020 vested and became exercisable in July 2023. There have been 296,896 options exercised during the period from this scheme. The weighted average share price at the date of exercise was £4.97. 27,912 of these options lapsed in the year. A total of 2,569,630 options remain outstanding at 31 March 2024, 1,878,861 of which are currently exercisable. 64,524 options were forfeited in the period (2023: 6,355).

The weighted average contractual life for share options outstanding at the end of the period was 5.55 years (2023: 6.40 years).

The vesting conditions for the scheme are detailed in the Remuneration Committee report on pages 58 to 61. The weighted average fair value of the options granted during the year was £4.37. 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. 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 24.2 and 24.3, respectively.

	NUMBER OF SHARE OPTIONS GRANTED	WEIGHTED AVERAGE PRICE (£)
Outstanding at 1 April 2022	2,726,026	0.60
Granted during the period	274,268	–
Exercised during the period	(189,500)	–
Forfeited during the period	(6,355)	–
Outstanding at 31 March 2023	2,804,439	0.59
Exercisable at 31 March 2023	1,256,668	1.31
Outstanding at 1 April 2023	2,804,439	0.59
Granted during the period	204,523	–
Exercised during the period	(346,896)	–
Forfeited during the period	(64,524)	–
Lapsed during the period	(27,912)	–
Outstanding at 31 March 2024	**2,569,630**	**0.64**
Exercisable at 31 March 2024	**1,878,861**	**0.88**

(ii) Tatton Asset Management plc Sharesave scheme ("TAM Sharesave scheme")

On 6 July 2020, 2 August 2021, 4 August 2022 and 25 August 2023, the Group launched all employee Sharesave schemes for options over shares in Tatton Asset Management plc, with the schemes in the periods 2020 and 2021 being administered by Yorkshire Building Society and the schemes in 2022 and 2023 being administered by Link Group. Employees are able to save between £10 and £500 per month over a three-year life of each scheme, at which point they each have the option to either acquire shares in the Company or receive the cash saved.

The 2020 TAM Sharesave scheme vested in August 2023 and 108,781 share options became exercisable. Over the life of the 2021 TAM Sharesave scheme it is estimated that, based on current savings rates, 38,160 share options will be exercisable at an exercise price of £3.60. Over the life of the 2022 TAM Sharesave scheme, it is estimated that, based on current savings rates, 45,763 share options will be exercisable at an exercise price of £3.26. Over the life of the 2023 TAM Sharesave scheme, it is estimated that, based on current savings rates, 89,223 share options will be exercisable at an exercise price of £3.89. 108,781 options were exercised in the year at a weighted average share price at the date of exercise of £4.97. The weighted average contractual life for share options outstanding at the end of the period was 1.54 years (2023: 1.02 years).

The weighted average fair value of the options granted during the year was £1.60. 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 24.2 and 24.3, respectively.

	NUMBER OF SHARE OPTIONS GRANTED	WEIGHTED AVERAGE PRICE (£)
Outstanding at 1 April 2022	114,517	2.14
Granted during the period	60,538	2.53
Exercised during the period	(73,599)	1.79
Forfeited during the period	(6,361)	2.66
Outstanding at 31 March 2023	95,095	2.57
Exercisable at 31 March 2023	–	–
Outstanding at 1 April 2023	95,095	2.57
Granted during the period	90,473	2.93
Forfeited during the period	(6,810)	3.22
Exercised during the period	(108,781)	2.29
Outstanding at 31 March 2024	**69,977**	**3.53**
Exercisable at 31 March 2024	**–**	**–**

24.2 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 2023	2022	2021	2020	**SHARESAVE SCHEME 2023**	2022	2021	2020
Share price at grant (£)	**4.74**	4.03	4.60	2.84	**4.91**	4.25	4.80	2.85
Exercise price (£)	**–**	–	–	–	**3.89**	3.26	3.60	2.29
Expected volatility (%)	**35.24**	34.05	33.76	34.80	**35.13**	34.05	33.76	34.80
Expected life (years)	**3.00**	3.00	3.00	3.00	**3.00**	3.00	3.00	3.00
Risk free rate (%)	**4.64**	1.71	0.24	(0.06)	**4.74**	1.71	0.12	(0.06)
Expected dividend yield (%)	**3.06**	3.11	2.39	3.38	**2.95**	3.11	2.39	3.38

24.3 IFRS 2 share-based option costs

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
TAM EMI scheme	**1,376**	1,446
TAM Sharesave scheme	**82**	65
	1,458	1,511

The Consolidated Statement of Cash Flows shows an adjustment to Net cash from operating activities relating to share-based payments of £1,236,000 (2023: £1,420,000). This is a charge in the year of £1,458,000 (2023: £1,511,000) adjusted for cash paid relating to national insurance contributions on the exercise of share options of £222,000 (2023: £91,000). Of the charge of £1,458,000, £980,000 is recognised through equity with the remaining £478,000 relating to the cost of national insurance contributions which are not accounted for through equity.

Notes to the Consolidated Financial Statements continued

25 BUSINESS COMBINATIONS

On 29 November 2023, the Group acquired 56.49% of Fintegrate Financial Solutions Limited ("Fintegrate"), a digital financial planning software company, and the acquisition has been treated as a business combination. The acquisition of Fintegrate was made in order to broaden the support services the Group can offer to its IFA firms across the Group. The amounts recognised with respect to the identifiable assets acquired and liabilities assumed upon the acquisition of Fintegrate are set out in the table below:

	£'000
Identifiable intangible assets	365
Cash	273
Trade and other receivables	10
Trade and other payables	(365)
Deferred tax liability	(92)
Total identifiable assets	191
Less: non-controlling interest	(123)
Goodwill	459
Total Consideration	**527**
Satisfied by:	
Cash	527
Total consideration transferred	**527**
Net cash outflow arising on acquisition	
Cash consideration	527
Less: net cash acquired	(273)
Net cash outflow	**254**

The fair value of the Fintegrate software within its identifiable intangible assets has been measured using a relief from royalty valuation methodology. The model uses estimates of the future growth of the business to derive a forecast series of cash flows and applies a royalty rate, with the relief from royalty being discounted to a present value to determine the fair value of the software acquired. The useful economic life of the software has been determined to be ten years.

The goodwill of £459,000 arising from the acquisition consists of future synergies and future income expected to be generated from the entity. None of the goodwill is expected to be deductible for income tax purposes.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Fintegrate, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets, which was a net asset position of £123,000 at acquisition. Acquisition-related costs (included in administrative expenses) amount to £27,000. Fintegrate contributed £18,000 to revenue and a loss of £137,000 to the Group's profit, before making any adjustment for non-controlling interest, for the period between the date of acquisition and the reporting date. Had Fintegrate been consolidated from 1 April 2023, the Consolidated Statement of Total Comprehensive Income would have included revenue of £32,000 and loss of £508,000.

26 RELATED PARTY TRANSACTIONS

Ultimate controlling party

The Directors consider there to be no ultimate controlling party.

Relationships

Balances and transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Group has trading relationships with the following entities in which Paul Hogarth, a Director, has a beneficial interest:

ENTITY	NATURE OF TRANSACTIONS
Suffolk Life Pensions Limited	The Group pays lease rental payments on an office building held in a pension fund by Paul Hogarth.
Hermitage Holdings (Wilmslow) Limited	The Group incurs recharged costs from this entity relating to trading activities.

Related party balances

	TERMS AND CONDITIONS	**2024 VALUE OF INCOME/ (COST) (£'000)**	**BALANCE RECEIVABLE/ (PAYABLE) (£'000)**	2023 VALUE OF INCOME/ (COST) (£'000)	BALANCE RECEIVABLE/ (PAYABLE) (£'000)
Suffolk Life Pensions Limited	Payable in advance	**(47)**	**(15)**	(61)	–
Hermitage Holdings (Wilmslow) Limited	Repayment on demand	**(12)**	**–**	(12)	1

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 12.

27 ALTERNATIVE PERFORMANCE MEASURES ("APMS")

The Group has identified and defined certain measures that it uses to understand and manage its performance. The measures are not defined under IFRS and are not considered to be a substitute for or superior to IFRS measures, but management believe that these APMs provide stakeholders with additional helpful information and enable an alternative comparison of performance over time. The APMs should not be viewed in isolation, but as supplementary information. APMs may not be comparable with similarly titled measures presented by other companies.

The APMs are used by the Board and management to analyse the business and financial performance, track the Group's progress and help develop long-term strategic plans. Some APMs, where noted below, are used as key management incentive metrics. The APMs provide additional information to investors and other external shareholders to provide additional understanding of the Group's results of operations as supplemental measures of performance.

There have been a number of APMs which have been removed from the list below this year. These are items which have previously been disclosed as an alternative way of looking at the growth of the Group but are not KPIs of the business. The APMs removed from this list during the year as they have not been referred to in this Annual Report are: Adjusted profit before tax before separately disclosed items; Dividend cover; Dividend yield; CAGR in AUM and CAGR in Tatton firm numbers; and Average annual net inflows.

APM	CLOSEST EQUIVALENT MEASURE	RECONCILING ITEMS TO THEIR STATUTORY MEASURE	DEFINITION AND PURPOSE
Adjusted operating profit	Operating profit	Items in note (a) below	The reconciliation between Operating profit and Adjusted operating profit can be seen on the face of the Consolidated Statement of Total Comprehensive Income. See note 7 for the value of the adjusting items. This is a key management incentive metric.
Adjusted operating profit margin	Operating profit margin	Items in note (a) below	Adjusted operating profit divided by revenue to report the margin delivered. Progression in adjusted operating margin is an indicator of the Group's operating efficiency. See note 7 for the value of the adjusting items.
Cash generated from operations before exceptional items	Cash generated from operations	Cash flows from exceptional items	Cash generated from operations is adjusted to exclude cash flows from exceptional items. The reconciliation between cash generated from operations and Cash generated from operations before exceptionals can be seen on the Statement of Cash Flows. This is a measure of the cash generation and working capital efficiency of the Group's operations and is a key management performance measure.
Adjusted earnings per share – Basic	Earnings per share – Basic	Items in note (b) below	Profit after tax attributable to shareholders of the Company is adjusted to exclude separately disclosed items as detailed in note 11 and is divided by the same denominator as Basic EPS, being the weighted average number of ordinary shares in issue. Adjusted EPS – Basic is presented to reflect the impact of the separately disclosed items included in Adjusted operating profit.

Notes to the Consolidated Financial Statements continued

27 ALTERNATIVE PERFORMANCE MEASURES ("APMS") CONTINUED

APM	CLOSEST EQUIVALENT MEASURE	RECONCILING ITEMS TO THEIR STATUTORY MEASURE	DEFINITION AND PURPOSE
Adjusted earnings per share – Fully Diluted	Earnings per share – Diluted	Items in note (b) below	Profit after tax is adjusted to exclude separately disclosed items as detailed in note 11 and is divided by the total number of dilutive shares, assuming all contingently issuable shares will fully vest. The reconciliation and calculation of Adjusted EPS – Diluted is shown in note 11. Adjusted EPS – Fully Diluted is presented to reflect the impact of the separately disclosed items included in Adjusted operating profit and to include all shares which are contingently issuable assuming share options fully vest. This is a key management incentive metric.
Other measures			
Tatton – assets under management ("AUM") and net inflows	None	Not applicable	AUM is representative of the customer assets and is a measure of the value of the customer base. Movements in this base are an indication of performance in the year and growth of the business to generate revenues going forward. Net inflows measure the net of inflows and outflows of customer assets in the year. Net inflows are a key management incentive metric.
Tatton – assets under influence ("AUI")	None	Not applicable	AUI is representative of the customer assets which are not directly managed by Tatton but over which we hold influence due to our shareholding in the company in which they are managed, and is a measure of the value of the customer base. Movements in this base are an indication of our participation in the joint venture and its growth in order to generate Tatton's share of profits going forward.
Tatton firms	None	Not applicable	Alternative growth measure to revenue; an operational view of growth in the Tatton division.
Paradigm – Consulting members, Mortgages lending and member firms	None	Not applicable	Alternative growth measure to revenue; an operational view of growth in the Paradigm division which is supported by two main service lines: Consulting and Mortgages.
Return on capital employed ("ROCE")	None	Not applicable	ROCE is calculated as annual adjusted operating profit for the last 12 months, as shown on the Consolidated Statement of Total Comprehensive Income, expressed as a percentage of the average total assets less current liabilities. The denominator for 2024 is £44.2m and for 2023 is £38.9m. ROCE measures how effectively we have deployed our resources and how efficiently we apply our capital.

(a) Reconciling items include: Exceptional items, share-based payments, changes in the fair value of contingent consideration, amortisation of acquisition-related intangibles, and operating loss relating to non-controlling interest.
(b) Reconciling items include: Exceptional items, share-based payments, changes in the fair value of contingent consideration, amortisation of acquisition-related items, unwinding of discount on contingent consideration, and the tax thereon.

28 POST BALANCE SHEET EVENTS
There have been no post balance sheet events.

29 CAPITAL COMMITMENTS
At 31 March 2024, the Directors confirmed there were no capital commitments (2023: none) for capital improvements.

30 CONTINGENT LIABILITIES
At 31 March 2024, the Directors confirmed there were no contingent liabilities (2023: none).

Company Statement of Financial Position as at 31 March 2024

	NOTE	31-MAR 2024 (£'000)	31-MAR 2023 RESTATED (£'000)
Non-current assets			
Investments in subsidiaries	8	**80,176**	79,650
Investments in joint ventures	9	**5,352**	6,762
Intangible assets		**8**	–
Property, plant and equipment	10	**652**	14
Trade and other receivables	11	**8,767**	8,767
Total non-current assets		**94,955**	95,193
Current assets			
Trade and other receivables	11	**1,863**	2,391
Cash and cash equivalents	12	**18,691**	12,293
Total current assets		**20,554**	14,684
Total assets		**115,509**	109,877
Current liabilities			
Trade and other payables	13	**(10,780)**	(2,857)
Total current liabilities		**(10,780)**	(2,857)
Net current assets		**9,774**	11,827
Total assets less current liabilities		**104,729**	107,020
Non-current liabilities			
Contingent consideration	13	**–**	(962)
Deferred tax liability		**–**	(3)
Other payables	13	**(567)**	–
Total non-current liabilities		**(567)**	(965)
Total liabilities		**(11,347)**	(3,822)
Net assets		**104,162**	106,055
Equity attributable to equity holders of the Company			
Share capital	14	**12,102**	12,011
Share premium account		**15,487**	15,259
Own shares	15	**(3,278)**	–
Merger reserve		**67,316**	67,316
Share-based payments reserve		**2,959**	1,808
Joint venture reserve		**(1,464)**	100
Retained earnings		**11,040**	9,561
Total equity		**104,162**	106,055

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Statement of Comprehensive Income for the year ended 31 March 2024. The Company generated a profit of £11,001,000 during the financial year (2023: restated profit of £9,727,000).

The comparative period has been restated as a result of a prior period error as discussed in note 2.

The financial statements were authorised and approved by the Board of Directors on 17 June 2024 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 2024

	SHARE CAPITAL (£'000)	SHARE PREMIUM (£'000)	OWN SHARES (£'000)	MERGER RESERVE (£'000)	SHARE-BASED PAYMENTS RESERVE (£'000)	JOINT VENTURE RESERVE (£'000)	RETAINED EARNINGS (£'000)	TOTAL EQUITY (£'000)
At 1 April 2022 (as previously reported)	11,783	11,632	–	67,316	–	–	6,451	97,182
Effect of restatement	–	–	–	–	1,698	–	–	1,698
At 1 April 2022 (restated)	11,783	11,632	–	67,316	1,698	–	6,451	98,880
Profit and total comprehensive income (restated)	–	–	–	–	–	39	9,688	9,727
Dividends	–	–	–	–	–	–	(7,714)	(7,714)
Share-based payments (restated)	–	–	–	–	736	–	599	1,335
Issue of share capital on exercise of employee share options	52	117	–	–	–	–	–	169
Own shares acquired in the year	–	–	(28)	–	–	–	–	(28)
Own shares utilised on exercise of options	–	–	28	–	–	–	(28)	–
Transfers	–	–	–	–	–	(60)	60	–
Issue of share capital on acquisition	176	3,510	–	–	–	–	–	3,686
At 31 March 2023 (restated)	12,011	15,259	–	67,316	2,434	(21)	9,056	106,055
Profit and total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(1,188)**	**12,189**	**11,001**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(10,846)**	**(10,846)**
Share-based payments	**–**	**–**	**–**	**–**	**525**	**–**	**455**	**980**
Issue of share capital on exercise of employee share options	**91**	**228**	**–**	**–**	**–**	**–**	**–**	**319**
Own shares acquired in the year	**–**	**–**	**(3,347)**	**–**	**–**	**–**	**–**	**(3,347)**
Own shares utilised on exercise of options	**–**	**–**	**69**	**–**	**–**	**–**	**(69)**	**–**
Transfers	**–**	**–**	**–**	**–**	**–**	**(255)**	**255**	**–**
At 31 March 2024	**12,102**	**15,487**	**(3,278)**	**67,316**	**2,959**	**(1,464)**	**11,040**	**104,162**

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 was created through merger accounting principles on the share for share exchange on the formation of the Group and is non-distributable. The joint venture reserve represents the Company's share of post-tax losses yet to be received (for example, in the form of dividends or distributions). The share-based payments reserve is non-distributable and represents the fair value of share options granted to employees of subsidiary companies.

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 2024 were authorised for issue by the Board of Directors on 17 June 2024. Tatton Asset Management plc is incorporated and domiciled in England and Wales.

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 principal activity of the Company is that of a holding company.

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 except for financial assets and financial liabilities measured at fair value. The principal accounting policies adopted by the Company are set out in note 2.

2 MATERIAL ACCOUNTING POLICIES

2.1 Accounting policies

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2024.

In the current year, the Company has applied a number of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"), which are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Statement of Comprehensive Income for the year ended 31 March 2024.

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 with respect to Paragraph 79(a)(IV) of IAS 1;

b) the requirements of paragraphs 10(d), paragraph 16, 38A, 38B-D, 111 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 paragraphs 45(b) and 46 to 52 of IFRS 2 "Share-based Payment";

e) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures";

f) 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;

g) the disclosure requirements of IFRS 7 "Financial Instruments: Disclosures";

h) the disclosure requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement"; and

i) the requirements of paragraph 58 of IFRS 16 "Leases".

Where required, equivalent disclosures are given in the consolidated financial statements.

The accounting policies adopted are the same as those set out in note 2 of the Group financial statements, which have been applied consistently apart from the following:

2.2 Investments in subsidiaries

All investments in subsidiaries 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 that the carrying value may not be fully recoverable. Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes to the Company Financial Statements continued

2 MATERIAL ACCOUNTING POLICIES CONTINUED

2.3 Joint ventures

Joint ventures are entities in which the Company has an investment where it, along with one or more other shareholders, has contractually agreed to share control of the business and where decisions over the relevant activities require the unanimous consent of the joint partners. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, the Company initially records the investment in the Statement of Financial Position at the fair value of the purchase consideration (cost) and adjusted thereafter to recognise the Company's share of the entity's profit or loss after tax and amortisation of intangible assets.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Statement of Financial Position, therefore, subsequently records the Company's share of the net assets of the entity plus any goodwill and intangible assets that arose on purchase less subsequent amortisation. The Statement of Changes in Equity records the Company's share of other equity movements of the entity. The joint ventures reserve in the Statement of Changes in Equity represents the Company's share of profits in its investments yet to be received (for example, in the form of dividends or distributions), less any amortisation of intangible assets. At each reporting date, the Company applies judgement to determine whether there is any indication that the carrying value of joint ventures may be impaired.

If there is objective evidence that the Company's net investment in a joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. The Company discontinues the use of the equity method from the date when the investment ceases to be a joint venture.

2.4 Financial instruments

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

2.5 Trade and other receivables

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

2.6 Trade and other payables

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

2.7 Financial liabilities at 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.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise short-term deposits held with banks by the Company. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

2.9 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.

2.10 Share-based payment costs

The Company grants share-based payments to the employees of subsidiary companies. Each period the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments in subsidiaries.

2.11 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 unwinding of discounts on contingent consideration liabilities and 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.

2.12 Critical accounting judgements and key sources of estimated uncertainty

In the process of applying the Company'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.

Acquired client relationship and brand intangibles

Estimation uncertainty

Impairment of investments in joint ventures

Impairment exists when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. The entire carrying amount of the investment is tested for impairment, in accordance with IAS 36, as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

For the purposes of impairment testing, the cash-generating potential of the investment in the joint venture, 8AM, has been determined using a discounted cash flow model that assesses sensitivity to operating margins, discount rates and AUM growth rates. The results of the calculation indicate that the investment in 8AM is impaired, and an impairment charge of £1,250,000 has been recognised in the Statement of Comprehensive Income in the financial year. The remaining value of the investment in 8AM is £5,352,000.

The Company has conducted an analysis of the sensitivity to changes in the key assumptions used to determine amount and timing of cashflows. A reduction in the terminal growth rate by 1% would lead to an additional impairment of £481,000.

The impact of the discount rate used has also been considered, and a 1% increase in the discount rate applied to the discounted cash flow model would lead to an additional impairment charge of £826,000.

There remains one outstanding contingent consideration payment still to be made in the future that are dependent on the outcome of the performance targets. The contingent consideration for 8AM is dependent on the future profitability of the business. There are no reasonable assumptions that the Company could make about the future, or about other major sources of estimation uncertainty, in relation to the contingent consideration that would have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Therefore these have not been disclosed as key sources of estimation uncertainty in the current year.

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, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.13 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 in the Company. The assets held by the EBT are consolidated into the Group's financial statements. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of these shares.

Notes to the Company Financial Statements continued

2 MATERIAL ACCOUNTING POLICIES CONTINUED

2.14 Correction of prior period error

During the year it was identified that the Company had been recognising the fair value of the share options granted to employees of subsidiaries of the Company as an expense within the Company's Statement of Total Comprehensive Income rather than as a cost of investment in the subsidiaries. As a consequence, operating expenses have been overstated in prior periods and the value of investments in subsidiaries has been understated. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Company's financial statements.

Statement of Comprehensive Income

	31-MAR 2023 RESTATED (£'000)
Reduction in Administrative expenses	736
Increase in profit for the financial year	**736**

Statement of Financial Position

	31-MAR 2023 RESTATED (£'000)
Increase in investment in subsidiaries	2,434
Increase in net assets	**2,434**

In addition, it was identified that £8,767,000 of amounts due from related parties within Trade and other receivables should have been recognised as a non-current receivable, as it is not expected that this amount will be repaid during the next 12 months. The balance at 31 March 2023 has been restated to reflect this change.

3 OPERATING PROFIT

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

	31-MAR 2024 (£'000)	31-MAR 2023 RESTATED (£'000)
Share-based payment charges (note 7)	**932**	775
Impairment of investment in joint venture (note 9)	**1,250**	–

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. The share-based payments charges for the year ending 31 March 2023 have been restated to reflect the increase in investment in subsidiaries, as detailed in note 2.

4 SERVICES PROVIDED BY THE COMPANY'S AUDITOR

During the period, the Company obtained the following services provided by the Company's auditor:

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Audit of the statutory financial statements of TAM plc	**130**	121
Services provided by the Company's auditor:		
Non-audit services	**–**	–

5 DIVIDEND PAID AND PROPOSED

Details of dividends paid and proposed are shown in note 11 to the consolidated financial statements.

6 DIRECTORS AND EMPLOYEES

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

	31-MAR 2024 NUMBER	31-MAR 2023 NUMBER
Administration	**15**	15

	31-MAR 2024 (£'000)	31-MAR 2023 RESTATED (£'000)
Wages, salaries and bonuses	**2,184**	1,717
Social security costs	**260**	211
Pension costs	**33**	26
Share-based payment charges	**932**	775
	3,409	2,729

The remuneration relating to Executive Directors has been included in the figures above. In the prior year, these costs were presented separately and so the prior year figures have been restated to include Executive Directors' remuneration for consistency. The share-based payments charges for the year ending 31 March 2023 have been restated to reflect the charges incurred by subsidiary companies, as detailed in note 2.

Key management compensation

The remuneration of the statutory Directors, including Non-Executive Directors, who are the key management of the Company is set out below in aggregate for each of the key categories specified in IAS 24 "Related Party Disclosures".

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Short-term employee benefits	**1,508**	1,038
Post-employment benefits	**–**	–
Share-based payments	**571**	676
	2,079	1,714

The remuneration of individual Directors is provided in the Remuneration Committee report on pages 58 to 61. The Directors' remuneration disclosures on pages 58 to 61 of this Annual Report form part of these financial statements. The remuneration above excludes the remuneration for one of the Directors, Lothar Mentel, as these costs are incurred by a subsidiary company.

There are no retirement benefits (2023: none) in the year accruing to Directors (2023: one) under a defined contribution pension scheme. Dividends totalling £2,026,000 (2023: £1,458,000) were paid in the year with respect to ordinary shares held by the Company's Directors. The aggregate gains made by the Directors on the exercise of share options during the year were £248,250 (2023: £190,750).

The remuneration of the highest paid Director was:

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Total remuneration and benefits in kind	**695**	424

The highest paid Director exercised nil share options in the period (2023: nil). There were 20,000 share options granted to the highest paid Director in the year (2023: 30,000). There was £nil (2023: £nil) of money or net assets (other than share options) paid to or receivable by the highest paid Director under long term incentive schemes in respect of qualifying services. The highest paid Director received £1,740,000 (2023: £1,257,000) in dividends in the year with respect to ordinary shares held by the Director and connected parties. No contributions were made to a defined contribution scheme with respect to the highest paid Director in the period.

Notes to the Company Financial Statements continued

7 SHARE-BASED PAYMENTS

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

(i) Tatton Asset Management plc EMI Scheme ("TAM EMI Scheme")

Each year since listing in 2017, the Company has granted shares under an EMI share option scheme to its employees. During the year, 57,861 zero-cost share options have been exercised at a weighted average share price at date of exercise of £4.97 (2023: £3.65). At the end of the financial year, there were 1,988,568 options outstanding, with an exercise price of £nil, 1,695,133 of which are currently exercisable. The weighted average remaining contractual life for outstanding share options is 5.0 years (2023: 5.8 years).

(ii) Tatton Asset Management plc Sharesave scheme ("TAM Sharesave scheme")

TAM employees can take part in the TAM Sharesave scheme where they 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. During the year, 18,078 share options have been exercised at a weighted average price of £2.29. The weighted average share price at the date of exercise was £4.97. At the end of the financial year there were 14,802 options outstanding, with a range of exercise prices of £3.60 to £3.89. The weighted average contractual life for share options outstanding at the end of the period was 1.35 years (2023: 1.17 years)

Further details of share-based payments are shown in note 24 to the consolidated financial statements.

8 INVESTMENTS IN SUBSIDIARIES

	(£'000)
Cost and net book value at 1 April 2022 (as previously reported)	77,216
Restatement	1,698
Cost and net book value at 1 April 2022 (restated)	78,914
Share-based payments	736
Cost and net book value at 31 March 2023 (restated)	**79,650**
Share-based payments	**526**
Cost and net book value at 31 March 2024	**80,176**

The value of investments in subsidiaries has been restated as detailed in note 2 to reflect the share-based payments charges incurred by subsidiary companies.

The Company's investment in subsidiaries represents 100% interest (unless otherwise stated) in the ordinary share capital of the subsidiaries listed below:

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
Fintegrate Financial Solutions Limited*	United Kingdom	56.49%	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 2024.

All entities above are included within the consolidated financial statements for TAM plc and all have the same registered address as the Company, with the exception of Fintegrate Financial Solutions Limited ("Fintegrate"). The registered address of Fintegrate is Unit 1 Guest House Farm, Runshaw Lane, Euxton, Chorley, Lancashire, PR7 6HD.

There are no non-controlling interests that are material to the Group.

9 INVESTMENTS IN JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

	(£'000)
At 1 April 2023	6,762
Profit for the year after tax	269
Amortisation of intangible assets relating to the joint venture	(207)
Deferred tax relating to joint ventures	33
Impairment loss	(1,250)
Distributions of profit	(255)
At 31 March 2024	**5,352**

An impairment review was carried out over the investment in 8AM Global Limited ("8AM") due to the trading performance of the entity. A value in use calculation has been performed with the recoverable amount being lower than carrying value of the investment. An impairment loss of £1,250,000 has been recognised within administrative expenses in the Statement of Total Comprehensive Income in the year. The pre-tax discount rate applied to the cashflow forecasts has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, company size premium and a risk adjustment (beta), grossed up to a pre-tax rate. The pre-tax discount rate used to calculate value is 16.3% (2023: 11.2%).

The value in use is calculated from cash flow projections based on the Group's forecasts for the five years ending 31 March 2029. The Group's latest forecasts, which cover a five-year period, are reviewed by the Board. The Group has also considered expectations about possible variations in the amount or timing of those cash flows, details about changes in assumptions and the impact of these changes is detailed in note 2.25. A declining growth rate of 13% down to 5% has been applied for the ten year period following the five-year forecast period and a terminal growth rate of 2.5% for the investment in 8AM has been applied to year fifteen cash flows. The terminal growth rate is prudent given the historical growth seen by the Company in the market in which 8AM operates, and does not exceed the long-term industry average growth rate.

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

Summarised financial information with respect to the Company's material joint venture, 8AM Global Limited, is set out below.

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Non-current assets	**29**	35
Current assets	**645**	934
Current liabilities	**(178)**	(502)
Total equity	**496**	467
Group's share of net assets	**238**	224
Goodwill and intangible assets	**5,551**	7,009
Deferred tax liability	**(437)**	(471)
Carrying value held by the Group	**5,352**	6,762

The current assets above includes £345,000 (2023: £675,000) of cash and cash equivalents. There are no current or non-current financial liabilities excluding trade and other payables and provisions included in current liabilities and non-current liabilities.

Notes to the Company Financial Statements continued

9 INVESTMENTS IN JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Joint Venture's profit for the year	**539**	320
Group's share of profit for the year before adjustments	**269**	160
Amortisation	**(207)**	(121)
Impairment loss	**(1,250)**	–
Group's share of (loss)/profit for the year	**(1,188)**	39

8AM Global Limited has a reporting date of 30 June and its registered address is The Thatched Office Manor Farm, Andover, Hampshire, SP11 8PG. The net asset position shown in the table above is as at 31 March to align with the Company's own reporting. Niche Investment Management Limited and Becketts Wealth Limited both have a reporting date of 31 March, in line with the Company, and have the same registered address. The comparative figures for income and expense in the prior year reflect the results of 8AM Global Limited since acquisition by the Company. Shares held in 8AM Global Limited consist of 50% equity A ordinary shares and 50% executive B ordinary shares.

10 PROPERTY, PLANT AND EQUIPMENT

	COMPUTER, OFFICE EQUIPMENT AND MOTOR VEHICLES (£'000)	RIGHT-OF-USE ASSETS – BUILDINGS (£'000)	TOTAL (£'000)
Cost			
Balance at 31 March 2022	31	–	31
Additions	14	–	14
Disposals	(3)	–	(3)
Balance at 31 March 2023	42	–	42
Additions	29	622	651
Disposals	(18)	–	(18)
Balance at 31 March 2024	**53**	**622**	**675**
Accumulated depreciation and impairment			
Balance at 31 March 2022	(20)	–	(20)
Charge for the period	(11)	–	(11)
Disposals	3	–	3
Balance at 31 March 2023	(28)	–	(28)
Charge for the period	(13)	–	(13)
Disposals	18	–	18
Balance at 31 March 2024	**(23)**	**–**	**(23)**
Net book value			
As at 31 March 2022	11	–	11
As at 31 March 2023	14	–	14
As at 31 March 2024	**30**	**622**	**652**

The Company leases a building and IT equipment. The Company has applied the practical expedient for short-term assets so has not recognised IT equipment within ROU assets. The average lease term is five years. A new lease has been entered into at the end of the current financial year.

Right-of-use assets

Within the profit and the loss there has been £nil recognised (2023: £nil) in respect of depreciation on right-of-use assets, £nil in respect of interest expenses on lease liabilities and £1,000 (2023: £1,000) in respect of short-term leases.

As at 31 March 2024, the Company is committed to £nil for short-term leases (2023: £1,000). The total cash outflow for leases amounts to £1,000 (2023: £1,000).

11 TRADE AND OTHER RECEIVABLES

	31-MAR 2024 (£'000)	31-MAR 2023 RESTATED (£'000)
Amounts due from related parties	**10,031**	10,562
Prepayments	**457**	475
Other debtors	**141**	121
	10,629	11,158
Less non-current portion:		
Amounts due from related parties	**(8,767)**	(8,767)
Total non-current trade and other receivables	**(8,767)**	(8,767)
Total current trade and other receivables	**1,862**	2,391

The carrying value of trade and other receivables are considered a fair approximation of their fair value. The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for intercompany receivables at an amount equal to 12-month ECLs due to there being no significant increase in the credit risk since the loan was first recognised. After consideration of current credit exposures, the Company does not expect to incur any credit losses and has not recognised any ECLs in the current year (2023: £nil).

Related party balances are non-interest bearing and are repayable on demand. £8,767,000 of amounts due from related parties has been recognised as a non-current receivable as it is not expected that this amount will be repaid during the next 12 months. The balance at 31 March 2023 has been restated to reflect this change.

12 CASH AND CASH EQUIVALENTS

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Cash at bank	**18,691**	12,293

13 TRADE AND OTHER PAYABLES

	31-MAR 2024 (£'000)	31-MAR 2023 (£'000)
Trade payables	**128**	23
Amounts due to related parties	**8,319**	754
Accruals	**763**	738
Tax and social security	**1,523**	1,241
Contingent consideration	**–**	1,063
Lease liabilities	**614**	–
	11,347	3,819
Less non-current portion:		
Contingent consideration	**–**	(962)
Lease liabilities	**(567)**	–
Total non-current trade and other payables	**(567)**	(962)
Total current trade and other payables	**10,780**	2,857

The carrying values of trade payables, amounts due to related parties, accruals and deferred income are considered a reasonable approximation of fair value. Amounts due to related parties are repayable on demand and are non-interest bearing. Trade payable amounts are all held in sterling. Non-current trade and other payables of £567,000 relate to lease liabilities, all of which falls due in more than one year and less than five years (2023: £nil). There are no amounts which fall due in more than five years (2023: £nil).

The significant assumptions underlying the valuation models and techniques used to determine the fair value of contingent consideration is detailed note 21 to the consolidated financial statements. This note also discloses the changes in fair value of contingent consideration which have been included in the Statement of Comprehensive Income and details of any significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

Notes to the Company Financial Statements continued

14 EQUITY

	NUMBER
Authorised, called-up and fully paid £0.20 ordinary shares	
At 1 April 2023	**60,055,722**
Issue of share capital on exercise of employee share options	**455,678**
At 31 March 2024	**60,511,400**

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

15 OWN SHARES

Details of own shares are shown in note 23 to the consolidated financial statements.

16 CONTINGENT LIABILITIES

At 31 March 2024, the Directors confirmed that there were no contingent liabilities (2023: none).

17 CAPITAL COMMITMENTS

At 31 March 2024, the Directors confirmed that there were no capital commitments (2023: none) for capital improvements.

18 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 26 to the consolidated financial statements.

18.1 Transactions with key management personnel

Other than the Directors and Officers of the Group (see note 26 to the consolidated financial statements), no other key management personnel have been identified.

19 EVENTS AFTER THE REPORTING PERIOD

There have been no material post balance sheet events.

20 ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

Tatton
ASSET MANAGEMENT PLC