

13 November 2024

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

UNAUDITED INTERIM RESULTS

For the six-month period ended 30 September 2024

"Record net Inflows continue to drive shareholder returns"

Tatton Asset Management plc, the investment management and IFA support services group, today announces its interim results for the six-month period ended 30 September 2024 (the "Period").

FINANCIAL HIGHLIGHTS

- Group revenue increased 23.7% to £21.660m (Sep 2023: £17.506m)
- Adjusted operating profit¹ up 22.8% to £10.894m (Sep 2023: £8.872m)
- Adjusted operating profit¹ margin 50.3% (Sep 2023: 50.7%)
- Adjusted fully diluted EPS² increased 30.0% to 13.67p (Sep 2023: 10.52p)
- Strong financial liquidity position, with net cash of £26.916m (Mar 2024: £24.838m)
- Interim dividend up 18.8% to 9.5p (Sep 2023: 8.0p)
- Strong balance sheet with net assets of £47.386m

OPERATIONAL HIGHLIGHTS

- Assets Under Management/Influence ("AUM/I³") increased 34.9% to £19.948bn (Sep 2023: £14.784bn). AUM/I³ at 31 March 2024 £17.604bn, an annualised increase of 26.6%
- Current (November 2024) AUM/I³ is £20.605bn and year to date net inflows are £2.221bn
- Organic net inflows were £1.832bn (Sep 2023: £0.910bn), an annualised increase of 22.1% of opening AUM with an average run rate of £305m per month
- Tatton's IFA firms increased by 6.5% to 1,038 (Mar 2024: 975) and the number of accounts increased by an annualised 10.4% to 139,330 (Mar 2024: 126,150)
- Paradigm Mortgages completions reduced by 4.3% to £6.6bn (Sep 2023: £6.9bn). Paradigm Mortgages member firms increased to 1,930 members (Mar 2024: 1,916 members)
- Paradigm Consulting members increased to 437 (Mar 2024: 424)
- Launch of new range of Passive funds following demand from our IFAs

¹ Operating profit before share-based payment charges, amortisation of acquired intangibles and operating loss relating to non-controlling interest.

² Adjusted fully diluted earnings per share is adjusted for share-based payment charges, amortisation of acquired intangibles, the unwinding of discount on deferred consideration and the tax thereon. The dilutive shares for this measure assume that all contingently issuable shares will fully vest.

³ "AUM/I" is Assets under management and influence including 100% of 8AM Global Limited AUM

Paul Hogarth, Chief Executive Officer of Tatton Asset Management, commented:

“We have delivered record net inflows of £1.8bn in the first half of the year, which is an exceptional achievement for Tatton and I could not be more delighted.

“Our record organic net inflows driven by our strong proposition, consistent investment performance and market leading service have underpinned our performance in this period. We continue to deliver against our strategic objectives, positioning the business for long term growth on an organic basis and we remain well positioned to execute our New Roadmap to Growth target of £30bn AUM/I by March 2029. Looking to the future, the IFA sector remains in good health and we will continue to seek further opportunities to support the IFA community through creating a more holistic approach to our long-term relationships. More widely, assets on platform continue to grow but importantly, the Model Portfolio Service proposition continues to be a strategic growth driver within the wealth management sector, all of which help to support our long term growth ambitions.

“Paradigm continues to deliver stable and robust results given the wider UK economy and political changes seen in the period.

“Macro and geopolitical uncertainty remains; however, I am confident that Tatton’s strong foundations will support our continued consistent growth. While our net inflows in this period have been exceptional, we expect them to return to more normal levels of c.£200m per month as we move into the second half of the year.

“The Board is confident in the future prospects of the Group, and we remain on track to meet the Board’s expectations for the full year.”

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OPERATIONAL REVIEW

Record net inflows continue to drive shareholder returns

The Group has made strong progress in the first half of this financial year, delivering record net inflows of £1.832bn over the six months, which in turn have driven continued growth in revenue and profits. Our AUM/I¹ has increased from £17.604bn at 31 March 2024 to £19.948bn at 30 September 2024, as we continue to drive the business towards the £30bn target by 31 March 2029 that we announced in our 2024 full year results.

Group revenue for the period increased by 23.7% to £21.660m (Sep 2023: £17.506m). Adjusted operating profit¹ for the period increased by 22.8% to £10.894m (Sep 2023: £8.872m), with adjusted operating profit margin¹ at 50.3% (Sep 2023: 50.7%).

Profit before tax, after the impact of share-based payment charges, amortisation of intangibles relating to acquisitions, and net finance income, increased to £10.102m (Sep 2023: £7.693m) and taxation charges for the period were £2.382m (Sep 2023: £2.302m). This gives an effective tax rate of 23.6% when measured against profit before tax.

Basic earnings per share was 13.03p (Sep 2023: 8.97p). When adjusted for share-based payment charges, amortisation of intangibles relating to acquisitions, and finance costs relating to the unwinding of discounts on deferred consideration, basic adjusted earnings per share¹ was 14.29p (Sep 2023: 11.08p). Adjusted earnings per share fully diluted for the impact of share options¹ was 13.67p (Sep 2023: 10.52p), an increase of 30.0%.

Tatton

Overview of performance

Tatton continues to perform strongly with increased momentum of organic net inflows driven by a strong proposition, consistent investment performance and market leading service. These factors have ensured the continued support from our independent financial advisers ("IFAs"). The total AUM/I¹ at the end of the period increased to £19.948bn (Mar 2024: £17.604bn). In the last six months, organic net inflows have averaged £305m per month and increased by 101% to £1.832bn (Sep 2023: £910m). We are particularly pleased with the consistency of the level of net inflows seen over the last six months, which have ranged between a high of £375m and a low of £260m per month. This compares with an average of £192m per month delivered in the previous financial year. The strong support and increase in net inflows continue to come from both existing and new IFAs alike, and are supported by an increase in the ratio of back book migrations as well as increasing the number of white label, co-branded propositions and appointed investment adviser ("AIA") relationships. These relationships, coupled with the continued support across the base of our firms, have helped to contribute to a record level of net inflows in the first half of this financial year.

The strong growth in net inflows, investment returns and our increased distribution activity have all contributed to Tatton's revenue, which has grown by 28.1% to £18.508m (Sep 2023: £14.451m) and now accounts for 85.4% of total Group revenue. Meanwhile, Tatton's adjusted operating profit¹ grew by 30.3% to £11.712m (Sep 2023: £8.986m), delivering an adjusted operating profit margin¹ of 63.3% (Sep 2023: 62.2%).

Tatton at the heart of the IFA community

The IFA sector remains in very good health and there has never been more demand for its services. We remain a passionate supporter of IFAs and continue to champion the sector at every opportunity and in turn, we remain thankful for the continued support and loyalty shown to us by the IFA community, which has been hard earned. Our business model focuses on keeping the IFA at the heart of our business and at the centre of our value chain.

We continue to work closely with IFAs, supporting them in the services they provide to meet their clients' needs. This allows us to develop a deep understanding of our IFAs, which helps us to continue to develop and improve our products and services. Accordingly, during this period, we were pleased to launch a range of highly competitive Passive funds in response to demand from our IFAs and their clients. These funds offer a low cost, diversified investment option that aligns with the principles of long-term wealth accumulation.

Managed Portfolio Services (“MPS”) – long-term growth opportunity

While we are happy to offer new products and services, the core of our strategy and product range will remain MPS, and we will continue to promote and support the growth of the on-platform MPS market through wide-ranging IFA engagement. As assets on platforms continue to increase, now at over £722bn (Platforum July 2024), there remains a significant opportunity for providers who have strong and high value propositions, which include having a broad range of portfolios, a full service offering, strong customer service and, importantly, consistent good long-term investment performance. We are pleased to report that Tatton meets all these criteria.

In July 2024, there was £139bn invested in MPS on platform (Platforum July 2024) and the view remains that, by 2026, this is likely to increase to over £200bn. Our goal in taking advantage of this growing market is to continue to increase the momentum of our market penetration through a broadened distribution base. As a minimum, we aim to maintain our market share and continue to grow our distribution footprint through adding more new firms and have a broader, more holistic relationship with the IFA community. In support of this, we have been pleased to see our IFA firms grow by 6.5% to 1,038 (Mar 2024: 975) over this period. We look forward to seeing these close relationships develop in the coming months as intensive activity continues to further promote the Tatton service.

Our IFA centric ethos remains the cornerstone of our strategy. We remain dedicated to enhancing our support of the IFA community, integrating our propositions and where possible, taking a more holistic approach to our relationships to support mutual growth of both IFA businesses and Tatton.

Finally, we wanted to provide an update on Perspective Financial Group (“Perspective”), an IFA consolidator in the UK which has been a founder firm since Tatton’s inception in 2013. We currently provide investment management services to Perspective’s fund management capability (Cambridge), supporting c.£2.5bn of AUM and delivering consistent returns over the long term for their underlying clients.

The existing contract is due to come to an end in January 2026 and although discussions are ongoing, both parties may mutually agree to end the existing relationship. This relationship delivered £385m of net inflows and contributed revenue of £0.5m in this period and regardless of the outcome of these discussions, we anticipate no impact to our revenue and earnings for the current financial year FY25 and any potential impact on forecasts for FY26 and onwards is expected to be negligible.

Summary

We are mindful of the impact that the recent Autumn Budget may have on investor sentiment, however we do not believe that new measures materially impact or change the MPS landscape and opportunity.

We continue to maintain our strong organic growth momentum into the second half of the financial year and, regardless of the outcome of our discussions with Perspective, we look forward with real confidence to meeting the target of £30bn of AUM by FY29.

Paradigm

Overview of performance

Paradigm has delivered a steady and resilient performance in the period, delivering revenue of £3.152m (Sep 2023: £3.059m) and adjusted operating profit¹ of £0.915m (Sep 2023: £0.959m). Paradigm Mortgages increased the number of mortgage firms utilising its services to 1,930 (Mar 2024: 1,916) and Paradigm Consulting increased its members to 437 (Mar 2024: 424). As a whole, the Paradigm division now accounts for 14.6% of Group revenue.

Paradigm Consulting continues to perform very consistently and in line with our expectations as it delivers best-in-class IFA compliance and support services. It remains a strategically important part of the Group, giving invaluable insight into the needs, wants and demands of the IFA community.

Paradigm Mortgages has delivered a resilient performance, delivering £6.6bn (Sep 2023: £6.9bn) of mortgage completions and, while slightly behind the first half of the prior financial year, it has seen a 6.5% increase on the £6.2bn delivered in the second half of the prior financial year. The product mix for the year to date has improved, with a shift away from less profitable product transfers towards new purchase and remortgage lending, which has contributed towards an increase in mortgage income despite the overall completion levels being slightly behind the prior year.

Paradigm performing robustly against the wider Mortgage market

This activity is against the backdrop of UK Finance having previously predicted a gross lending market of c.£215bn in 2024, a fall of 5% against 2023 volumes. However, the market has proved a little more resilient and revised forecasts predict the market to potentially rise to c.£250bn in 2024. Encouragingly, the intermediary channel share of the wider mortgage market, as opposed to mortgages sold directly by banks, continues to grow, reaching c.88% of all new sales and record product transfer maturities. New mortgage and remortgage activity helped Paradigm Mortgages participate in completions totalling £6.6bn in the first six months of this financial year, which compares well with the total market and demonstrates the resilience of the Paradigm business.

Outlook – opportunities for Paradigm in an evolving market

Looking forward, the UK housing market continues to experience a mixture of price growth and moderating activity, with several factors influencing the overall outlook. It is generally expected that the Bank of England will reduce interest rates faster than what was anticipated only months ago, boosted by lower than predicted inflation trends. However, the reaction to the recent Autumn Budget and other macroeconomic and geopolitical factors pose risks that could affect this trajectory. That said, many commentators feel a further 25bps reduction is expected before the financial year end, which will be a welcome stimulus to the market in general.

While mortgage rate reductions and price growth in certain areas are supporting market activity, affordability remains a key issue. As such, a good leading indicator for the health of the market is new mortgage applications. Recent applications have seen a strong improvement, with September 2024 being 16% up on August 2024 and, importantly, 47% higher than September 2023. In the second half of this financial year, we anticipate that market conditions will improve and we are optimistic that, coupled with the increase in applications, this will lead to a greater level of completions. As guidance, we anticipate the second half of the year to be similar to the first, although there remains potential for upside.

Longer term, supply constraints are expected to persist, continuing to influence activity across the UK. However, the new Government's pledge to almost double the rate of new builds in the next five years will potentially ease some of the issues in the housing and corresponding mortgage sector, if this is achieved. It will also provide opportunities for Paradigm's longer-term growth.

Separately disclosed items and alternative performance measures

Alternative performance measures ("APMs") provide additional information to investors and other external shareholders to support further 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. Separately disclosed items are adjusting items to operating profit and total £1.3m. These items include the cost of share-based payments of £0.8m, in line with the prior year of £0.8m, and amortisation of acquisition-related intangible assets of £0.3m. An adjustment has also been made to remove the operating loss relating to the non-controlling interest in Fintegrate Financial Solutions Limited ("Fintegrate") of £0.1m to reflect the adjusted operating profit¹ attributable to shareholders of Tatton Asset Management plc.

Statement of financial position and cash

The Group's balance sheet remains strong, with net assets of £47.4m (Sep 2023: £40.3m) and cash of £26.9m (Mar 2024: £24.8m). The Group maintains a strong operating cash conversion of 94%, with cash from operations being offset by dividends of £4.7m paid in the period and corporation tax payments of £2.7m. In addition, £1.0m was invested as seeding into our new range of Passive funds and this will be repaid when the funds have reached an appropriate scale. 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 and conduct comprehensive stress and scenario testing on at least an annual basis. As at 30 September 2024, our total qualifying capital resources were £17.8m, being 390% of our requirement of £4.6m.

Issue of new shares

In the period, the Group issued 37,480 new shares, which were issued to satisfy the exercise of options related to the Company's Save As You Earn ("SAYE") employee share option schemes.

Dividend proposal

In this interim period, the Board recommends an increase in the interim dividend to 9.5p (Sep 2023: 8.0p), an increase of 18.8%. This proposed dividend follows the 50/50 split implemented in the prior year, maintaining our policy of paying a dividend that is approximately 70% of adjusted earnings. This dividend reflects the confidence of the Board in the Group's financial performance, high levels of cash and liquidity, and headroom over our regulatory capital requirement.

The interim dividend of 9.5p per share, totalling £5.7m, will be paid on 13 December 2024 to shareholders on the register at close of business on 22 November 2024 and will have an ex-dividend date of 21 November 2024. In accordance with International Financial Reporting Standards ("IFRSs"), the interim dividend has not been included as a liability in this interim statement.

Business risk

The Board identified principal risks and uncertainties which may have a material impact on the Group's performance in the Group's 2024 Annual Report and Accounts (pages 23 and 24) and believes that the nature of these risks remains largely unchanged at the half year. The Board will continue to monitor and manage identified principal risks throughout the second half of the year.

Post balance sheet events

There have been no post balance sheet events.

Going concern

As stated in note 2.2 of these condensed financial statements, the Directors 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 twelve months from the date that the financial statements are authorised for issue. Accordingly, these condensed financial statements have been prepared on a going concern basis.

Summary and outlook

The Group has delivered a record first half result, maintaining strong organic growth of revenue and profits and delivering against our strategic objectives. Positive markets helped support asset growth, with AUM/1¹ reaching £19.948bn at the end of this period and we are very pleased with the overall performance of the Group.

Net inflows remained very strong in the first six months and we remain focused on continuing to deliver consistent growth as we maintain our £30bn AUM/1¹ forecast for 2029. We are, however, mindful of the ongoing geopolitical and economic uncertainty and anticipate net inflows returning to more normal levels in the second half of this financial year. Paradigm should continue to perform in line with the first half of the year.

In summary, we look forward to making further progress over the rest of the financial year and the Board remains confident in the future prospects of the Group.

1. Alternative performance measures are detailed in note 27 of the 2024 Annual Report and Accounts.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Revenue		21,660	17,506	36,807
Share of post-tax (loss)/profit from joint venture		(81)	257	(1,188)
Administrative expenses		(11,939)	(10,030)	(19,155)
Operating profit		9,640	7,733	16,464
Share-based payment costs	5	843	829	1,458
Amortisation of acquisition-related intangibles	5	329	310	633
Operating loss relating to non-controlling interest	5	82	–	59
Gains arising on changes in fair value of contingent consideration		–	–	(1,350)
Exceptional items		–	–	1,250
Adjusted operating profit (before separately disclosed items)¹		10,894	8,872	18,514
Finance income		485	206	640
Finance costs		(23)	(246)	(353)
Profit before tax		10,102	7,693	16,751
Taxation charge	6	(2,382)	(2,302)	(3,830)
Profit and total comprehensive income for the financial year		7,720	5,391	12,921
Profit and total comprehensive income attributable to the owners of the Parent Company		7,806	5,391	12,986
Profit and total comprehensive income attributable to non-controlling interests		(86)	–	(65)
Earnings per share – Basic	7	13.03p	8.97p	21.39p
Earnings per share – Diluted	7	12.69p	8.66p	21.02p
Adjusted earnings per share – Basic¹	7	14.29p	11.08p	23.73p
Adjusted earnings per share – Diluted¹	7	13.91p	10.69p	23.32p
Adjusted earnings per share – Fully Diluted¹	7	13.67p	10.52p	22.91p

1. See note 27 of the 2024 Annual Report and Accounts.

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 period and therefore a statement of other comprehensive income has not been presented.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Note	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Non-current assets				
Investment in joint ventures	9	5,298	6,820	5,352
Goodwill	10	9,796	9,337	9,796
Intangible assets	11	3,510	3,405	3,686
Property, plant and equipment	12	700	328	816
Deferred tax assets		3,174	1,541	2,571
Other receivables	13	–	188	188
Total non-current assets		22,478	21,619	22,409
Current assets				
Trade and other receivables	13	5,268	4,078	5,108
Financial assets at fair value through profit or loss	15	1,132	175	106
Corporation tax		200	570	–
Cash and cash equivalents		26,916	24,222	24,838
Total current assets		33,516	29,045	30,052
Total assets		55,994	50,664	52,461
Current liabilities				
Trade and other payables	14	(7,626)	(8,013)	(8,109)
Corporation tax		–	–	(2)
Total current liabilities		(7,626)	(8,013)	(8,111)
Non-current liabilities				
Other payables	14	(982)	(2,315)	(1,016)
Total non-current liabilities		(982)	(2,315)	(1,016)
Total liabilities		(8,608)	(10,328)	(9,127)
Net assets		47,386	40,336	43,334
Equity				
Share capital		12,110	12,102	12,102
Share premium account		15,614	15,487	15,487
Own shares		(2,695)	(2,567)	(3,278)
Other reserve		2,041	2,041	2,041
Merger reserve		(28,968)	(28,968)	(28,968)
Retained earnings		49,312	42,241	45,892
Equity attributable to equity holders of the entity		47,414	40,336	43,276
Non-controlling interest		(28)	–	58
Total equity		47,386	40,336	43,334

The financial statements were approved by the Board of Directors on 13 November 2024 and were signed on its behalf by:

PAUL EDWARDS
DIRECTOR

Company registration number: 10634323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Share capital (£'000)	Share premium (£'000)	Own Shares (£'000)	Other reserve (£'000)	Merger reserve (£'000)	Retained earnings (£'000)	Total equity attributable to share-holders (£'000)	Non-controlling interest (£'000)	Total equity (£'000)
At 1 April 2023	12,011	15,259	–	2,041	(28,968)	41,438	41,781	–	41,781
Profit and total comprehensive income	–	–	–	–	–	5,391	5,391	–	5,391
Dividends	–	–	–	–	–	(6,006)	(6,006)	–	(6,006)
Share-based payments	–	–	–	–	–	521	521	–	521
Deferred tax on share-based payments	–	–	–	–	–	254	254	–	254
Current tax on share-based payments	–	–	–	–	–	643	643	–	643
Issue of share capital on exercise of employee share options	91	228	–	–	–	–	319	–	319
Own shares acquired in the period	–	–	(2,567)	–	–	–	(2,567)	–	(2,567)
At 30 September 2023	12,102	15,487	(2,567)	2,041	(28,968)	42,241	40,336	–	40,336
Profit and total comprehensive income	–	–	–	–	–	7,595	7,595	(65)	7,530
Acquisition of a subsidiary	–	–	–	–	–	–	–	123	123
Dividends	–	–	–	–	–	(4,840)	(4,840)	–	(4,840)
Share-based payments	–	–	–	–	–	459	459	–	459
Deferred tax on share-based payments	–	–	–	–	–	506	506	–	506
Own shares acquired in the year	–	–	(780)	–	–	–	(780)	–	(780)
Own shares utilised on exercise of options	–	–	69	–	–	(69)	–	–	–
At 31 March 2024	12,102	15,487	(3,278)	2,041	(28,968)	45,892	43,276	58	43,334
Profit and total comprehensive income	–	–	–	–	–	7,806	7,806	(86)	7,720
Dividends	–	–	–	–	–	(4,740)	(4,740)	–	(4,740)
Share-based payments	–	–	–	–	–	438	438	–	438
Deferred tax on share-based payments	–	–	–	–	–	574	574	–	574
Current tax on share-based payments	–	–	–	–	–	(75)	(75)	–	(75)
Issue of share capital on exercise of employee share options	8	127	–	–	–	–	135	–	135
Own shares utilised on exercise of options	–	–	583	–	–	(583)	–	–	–
At 30 September 2024	12,110	15,614	(2,695)	2,041	(28,968)	49,312	47,414	(28)	47,386

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	Unaudited six months ended 30- Sep 2024 (£'000)	Unaudited six months ended 30- Sep 2023 (restated*) (£'000)	Audited year ended 31-Mar 2024 (£'000)
Operating activities				
Cash generated from operations	19	10,233	8,266	16,930
Corporation tax paid		(2,715)	(2,160)	(3,740)
Net cash from operating activities		7,518	6,106	13,190
Investing activities				
Payment for the acquisition of a joint venture, net of cash acquired		–	–	(254)
Dividends received from joint venture		–	120	255
Purchase of intangible assets	11	(125)	(120)	(249)
Purchase of property, plant and equipment	12	(36)	(66)	(115)
Payments for financial assets at fair value through profit or loss		(1,000)	–	–
Interest received		510	210	640
Contingent consideration		–	–	(937)
Net cash (used in)/from investing activities		(651)	144	(660)
Financing activities				
Interest paid		–	(64)	(63)
Dividends paid	8	(4,740)	(6,006)	(10,846)
Proceeds from the issue of shares		88	249	249
Purchase of own shares		–	(2,567)	(3,278)
Repayment of loan liabilities		(19)	–	(18)
Repayment of lease liabilities		(118)	(134)	(230)
Net cash used in financing activities		(4,789)	(8,522)	(14,186)
Net increase/(decrease) in cash and cash equivalents		2,078	(2,272)	(1,656)
Cash and cash equivalents at beginning of period		24,838	26,494	26,494
Net cash and cash equivalents at end of period		26,916	24,222	24,838

* See note 2.1 for details regarding the prior period 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, the provision of mortgage adviser support services and the marketing and promotion of multi-manager funds.

The condensed consolidated interim financial statements for the six months ended 30 September 2024 do not constitute statutory accounts as defined under section 434 of the Companies Act 2006. The Annual Report and Accounts (the “financial statements”) for the year ended 31 March 2024 were approved by the Board on 17 June 2024 and have been delivered to the Registrar of Companies. The auditor, Deloitte LLP, reported on these financial statements; its report was unqualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

2. Accounting Policies

The principal accounting policies applied in the presentation of the interim financial statements are set out below. 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 unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the United Kingdom. The condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 March 2024, which have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom. The condensed consolidated interim financial statements were approved for release on 13 November 2024.

The condensed 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.

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

A restatement has been made to the Consolidated Statement of Cash Flows for the interim period ending 30 September 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 £120,000 in the interim period ended 30 September 2023. In addition, interest received of £210,000 in September 2023 has been restated to be included within Net cash (used in)/from investing activities. This has reduced Net cash used in financing activities by £210,000 in the interim period ended 30 September 2023.

In the prior interim period, a separate Joint venture reserve of £37,000 was presented in the Consolidated Statement of Financial Position. This has been included within Retained earnings in the current year and the comparatives restated.

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2024.

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. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2.3 Adoption of new and revised standards

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

- Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"
- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

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 2025 or later:

- 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"
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

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 and Accounts.

2.4 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.

2.5 Significant judgements, key assumptions and estimates

In the process of applying the Group’s accounting policies, which are described in the consolidated financial statements for the year ended 31 March 2024, 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 judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group’s last annual financial statements for the year ended 31 March 2024. Management have reviewed those key estimates which were disclosed in the 31 March 2024 financial statements and are satisfied that the methodology applied and criteria assessed are still appropriate.

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 £47,386,000 (Mar 2024: £43,334,000; Sep 2023: £40,366,000). 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 frequently assesses the adequacy of its own funds on a consolidated and legal entity 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 £4.6 million, which is based on the Group’s fixed overhead requirement. As at 30 September 2024, the Group has regulatory capital resources of £17.8 million, significantly in excess of the Group’s total capital requirement. During the period, the Group and its regulated subsidiary entities complied with all regulatory capital requirements.

4. Segment Reporting

Information reported to the Board of Directors as the chief operating decision maker 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 tables that follow 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 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. 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.

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

Period ended 30 September 2024	Tatton (£'000)	Paradigm (£'000)	Unallocated (£'000)	Group (£'000)
Revenue	18,508	3,152	–	21,660
Share of post-tax loss from joint ventures	(81)	–	–	(81)
Administrative expenses	(7,209)	(2,419)	(2,311)	(11,939)
Operating profit/(loss)	11,218	733	(2,311)	9,640
Share-based payment costs	183	82	578	843
Amortisation of acquisition-related intangibles assets	311	18	–	329
Non-controlling interest	–	82	–	82
Adjusted operating profit/(loss)¹	11,712	915	(1,733)	10,894

Period ended 30 September 2024	Tatton (£'000)	Paradigm (£'000)	Unallocated (£'000)	Group (£'000)
Statutory operating costs included the following:				
Depreciation	97	47	8	152
Amortisation	385	20	–	405

1. Adjusted operating profit is one of the APMs that the business uses. Full details of the KPIs and APMs that the key decision makers use are detailed in note 27 of the 2024 Annual Report and Accounts.

Period ended 30 September 2023	Tatton (£'000)	Paradigm (£'000)	Unallocated (£'000)	Group (£'000)
Revenue	14,451	3,059	(4)	17,506
Share of post-tax profit from joint ventures	257	–	–	257
Administrative expenses (restated)	(6,242)	(2,186)	(1,602)	(10,030)
Operating profit/(loss) (restated)	8,466	873	(1,606)	7,733
Share-based payment costs (restated)	210	86	533	829
Amortisation of acquisition-related intangibles assets	310	–	–	310
Adjusted operating profit/(loss)¹	8,986	959	(1,073)	8,872

Period ended 30 September 2023	Tatton (£'000)	Paradigm (£'000)	Unallocated (£'000)	Group (£'000)
Statutory operating costs included the following:				
Depreciation	122	64	6	192
Amortisation	324	6	–	330

Note that the share-based payments costs in period to 30 September 2023 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.

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 payment costs	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 intangibles 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

All turnover arose in the United Kingdom.

5. Separately Disclosed Items

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Share-based payments charges	843	829	1,458
Amortisation of acquisition-related intangible assets	329	310	633
Operating loss due to non-controlling interest	82	–	59
Gain arising on changes in the fair value of contingent consideration	–	–	(1,350)
Exceptional items	–	–	1,250
Total separately disclosed costs	1,254	1,139	2,050

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 March 2024 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 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.

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.

Amortisation of client relationship 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 £104,000 (Sep 2023: £104,000) of amortisation of the intangibles recognised on the acquisition of 8AM Global Limited ("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.

Operating loss due to non-controlling interest

There are £82,000 (2023: £nil) 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.

Gain arising on changes in the fair value of contingent consideration

In the year ending 2024, 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 resulted in a credit of £1,350,000 being recognised during the year. There was no change in the fair value in the six month period to 30 September 2024.

Exceptional items

During the year ending March 2024, the Group reviewed the investment in the 8AM joint venture for impairment and recognised an impairment loss in the year of £1,250,000. 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. No such impairment was identified at the interim period to 30 September 2024.

6. Taxation

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Current tax			
Current tax on profits for the period	2,609	2,354	4,798
Adjustment for under-provision in prior periods	(173)	–	(290)
	2,436	2,354	4,508
Deferred tax			
Current year (credit)/charge	(54)	5	(173)
Adjustment in respect of previous years	–	–	(505)
Effect of changes in tax rates	–	(57)	–
	(54)	(52)	(678)
Total tax expense	2,382	2,302	3,830

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

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Profit before taxation	10,102	7,693	16,751
Tax at UK corporation tax rate of 25% (2023: 25%)	2,526	1,923	4,188
Expenses not deductible for tax purposes	51	44	462
Income not taxable	–	–	(443)
Adjustments in respect of previous years	(173)	–	(795)
Effect of changes in tax rates	–	(57)	–
Capital allowances in excess of depreciation	(12)	22	6
Deferred tax asset not recognised	–	–	142
Share-based payments	(10)	370	270
Total tax expense	2,382	2,302	3,830

The deferred tax asset in both the current and prior year was calculated based on the expected timing of reversal of the related temporary differences.

7. Earnings per Share

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

	Unaudited six months ended 30-Sep 2024	Unaudited six months ended 30-Sep 2023	Audited year ended 31-Mar 2024
Number of shares			
Basic			
Weighted average number of shares in issue ¹	60,517,749	60,127,572	61,064,870
Effect of own shares held by an Employee Benefit Trust ("EBT")	(601,783)	(60,761)	(358,196)
	59,915,966	60,066,811	60,706,674
Diluted			
Effect of weighted average number of options outstanding for the year	1,607,132	2,182,144	1,075,124
Weighted average number of shares in issue (diluted) ²	61,523,098	62,248,955	61,781,798
Fully diluted			
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	1,095,272	1,012,719	1,096,621
Adjusted diluted weighted average number of options and shares for the year ³	62,618,370	63,261,674	62,878,419

Own shares held by an EBT represents the Company's own shares purchased and held by the EBT, shown at cost. The EBT has not purchased any of the Company's own share in the period (2023: 139,500). The Company utilised 117,084 (2023: 139,500) of the shares during the period to satisfy the exercise of employee share options. At September 2024, there remained 541,716 (2023: nil) of the Company's own shares being held by the EBT (2023: nil).

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 those used for statutory dilutive earnings per share; the future value of service costs attributable to employee share options is ignored and contingently issuable shares for long-term incentive plan options are assumed to fully vest.

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Earnings attributable to ordinary shareholders			
Basic and diluted profit for the period	7,806	5,391	12,986
Share-based payments charge	843	829	1,458
Amortisation of acquisition-related intangible assets	329	310	633
Exceptional costs	–	–	1,250
Gain arising on changes in the fair value of contingent consideration	–	–	(1,350)
Unwinding of discount on deferred consideration	23	100	201
Tax impact of adjustments	(440)	27	(770)
Adjusted basic and diluted profits for the period and attributable earnings	8,561	6,657	14,408
Earnings per share (pence)			
Earnings per share (pence) – Basic	13.03	8.97	21.39
Earnings per share (pence) – Diluted	12.69	8.66	21.02
Adjusted earnings per share (pence) – Basic	14.29	11.08	23.73
Adjusted earnings per share (pence) – Diluted	13.91	10.69	23.32
Adjusted earnings per share (pence) – Fully Diluted	13.67	10.52	22.91

8. 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 of the 2024 Annual Report and Accounts. As at 30 September 2024, the Company's distributable reserves were £7,717,000 (March 2024: £7,761,000).

During the period, Tatton Asset Management plc paid the final dividend related to the year ended 31 March 2024 of £4,740,000, representing a payment of 8p per share.

During the year ended 31 March 2024, £6,006,000 was paid as the final dividend related to the year ended 31 March 2023, representing 10p per share. In addition, the Company paid an interim dividend of £4,840,000 relating to the year ended 31 March 2024 (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 an interim dividend with respect to the financial year ended 31 March 2025 of 9.5p (2024: 8p) per share, which will absorb £5,701,000 (2023: £4,840,000) of shareholders' funds. It will be paid on 13 December 2024 to shareholders who are on the register of members on 22 November 2024.

9. Investment in Joint Ventures

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Opening investment	5,352	6,762	6,762
Profit for the period after tax	23	257	269
Amortisation of intangible assets relating to joint ventures	(104)	(104)	(207)
Deferred tax credit	27	25	33
Impairment loss	–	–	(1,250)
Distribution of profits	–	(120)	(255)
Closing investment	5,298	6,820	5,352

Impairment in the year ended March 2024 relates to an impairment review which was carried out over the investment in 8AM Global Limited. A value in use calculation was performed, with the recoverable amount being lower than the carrying value of the investment. An impairment loss of £1,250,000 was recognised within administrative expenses in the Consolidated Statement of Total Comprehensive Income in the prior year.

10. Goodwill

	Goodwill (£'000)
Cost and carrying value at 31 March 2023 and 30 September 2023	9,337
Recognised as part of a business combination	459
Cost and carrying value at 31 March 2024 and 30 September 2024	9,796

The carrying value of goodwill includes £9.0 million allocated to the Tatton operating segment and cash-generating unit ("CGU"). This is made up of £2.5 million arising from the acquisition in 2014 of an interest in Tatton Oak Limited by Tatton Capital Limited, consisting of the future synergies and forecast profits of the Tatton Oak business, £2.0 million arising from the acquisition in 2017 of an interest in Tatton Capital Group Limited, £1.4 million of goodwill generated on the acquisition of Sinfonia and £3.1 million of goodwill generated on the acquisition of the Verbatim funds business.

The carrying value of goodwill also includes £0.8 million allocated to the Paradigm operating segment and CGU, £0.4 million relating to the acquisition of Paradigm Mortgage Services LLP and £0.4 million of goodwill generated on the acquisition of 56.49% of Fintegrate Financial Solutions Limited within the prior year.

Goodwill relating to 8AM Global Limited is shown within Investments in Joint Ventures (see note 9).

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, which represent the lowest level within the Group at which the goodwill is monitored for internal management accounts purposes. Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs or group of units that are expected to benefit from that business combination. The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Directors do not consider there to be any indicators of impairment at 30 September 2024. The growth rates, discount rates and cash flow assumptions used in the impairment review at 31 March 2024 are detailed in the 2024 Annual Report and Accounts.

11. Intangibles

	Computer software (£'000)	Client relationships (£'000)	Brand (£'000)	Total (£'000)
Cost				
Balance at 1 April 2023	1,235	4,034	98	5,367
Additions	120	–	–	120
Balance at 30 September 2023	1,355	4,034	98	5,487
Additions	129	–	–	129
Acquired as a business combination	365	–	–	365
Balance at 31 March 2024	1,849	4,034	98	5,981
Additions	125	–	–	125
Balance at 30 September 2024	1,974	4,034	98	6,106
Accumulated amortisation and impairment				
Balance at 1 April 2023	(892)	(845)	(15)	(1,752)
Charge for the period	(123)	(202)	(5)	(330)
Balance at 30 September 2023	(1,015)	(1,047)	(20)	(2,082)
Charge for the period	(6)	(202)	(5)	(213)
Balance at 31 March 2024	(1,021)	(1,249)	(25)	(2,295)
Charge for the period	(95)	(201)	(5)	(301)
Balance at 30 September 2024	(1,116)	(1,450)	(30)	(2,596)
Carrying amount				
At 1 April 2023	343	3,189	83	3,615
At 30 September 2023	340	2,987	78	3,405
At 31 March 2024	828	2,785	73	3,686
At 30 September 2024	858	2,584	68	3,510

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

12. Property, Plant and Equipment

	Computer and office equipment (£'000)	Fixtures and fittings (£'000)	Right-of-use assets (£'000)	Total (£'000)
Cost				
Balance at 1 April 2023	354	480	991	1,825
Additions	58	8	–	66
Balance at 30 September 2023	412	488	991	1,891
Additions	39	10	622	671
Disposals	(104)	–	(689)	(793)
Balance at 31 March 2024	347	498	924	1,769
Additions	26	10	–	36
Balance at 30 September 2024	373	508	924	1,805
Accumulated depreciation and impairment				
Balance at 1 April 2023	(234)	(398)	(739)	(1,371)
Charge for the period	(40)	(44)	(108)	(192)
Balance at 30 September 2023	(274)	(442)	(847)	(1,563)
Charge for the period	(46)	(29)	(108)	(183)
Disposals	104	–	689	793
Balance at 31 March 2024	(216)	(471)	(266)	(953)
Charge for the period	(44)	(9)	(99)	(152)
Balance at 30 September 2024	(260)	(480)	(365)	(1,105)
Carrying amount				
At 1 April 2023	120	82	252	454
At 30 September 2023	138	46	144	328
At 31 March 2024	131	27	658	816
At 30 September 2024	113	28	559	700

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

Right-of-use assets

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 rights-of-use assets. The average lease term is five years. One lease expired in the year ended March 2024 and a new lease was entered into in its place. The future lease payments relating to lease liabilities are fixed.

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Amounts recognised in profit and loss			
Depreciation on right-of-use assets	(99)	(108)	(216)
Interest expense on lease liabilities	(27)	(3)	(6)
Expense relating to short-term leases	(35)	(33)	(66)
Expense relating to low value assets	(1)	(1)	–
	(162)	(145)	(288)

At 30 September 2024, the Group is committed to £32,000 for short-term leases (2023: £66,000).

The total cash outflow for all leases amounts to £156,000 (2023: £168,000). 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.

13. Trade and Other Receivables

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Trade receivables	239	420	878
Amounts due from related parties	–	2	–
Accrued income	3,874	2,837	3,427
Prepayments	673	760	756
Other receivables	482	247	235
	5,268	4,266	5,296
Less non-current portion:			
Contingent consideration	–	(188)	(188)
Total non-current trade and other receivables	–	(188)	(188)
Total current trade and other receivables	5,268	4,078	5,108

Trade and other receivables, excluding prepayments, are financial assets. The carrying value of these financial assets is 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 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.

14. Trade and Other Payables

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Trade payables	70	720	328
Accruals	4,675	3,434	4,389
Deferred income	111	121	238
Contingent consideration	926	3,089	903
Lease liabilities	569	130	659
Other payables	2,257	2,834	2,608
	8,608	10,328	9,125
Less non-current portion:			
Contingent consideration	(425)	(2,315)	(402)
Lease liabilities	(512)	–	(567)
Other payables	(45)	–	(47)
Total non-current trade and other payables	(982)	(2,315)	(1,016)
Total current trade and other payables	7,626	8,013	8,109

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 £31,000 (Mar 2024: £46,000) 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.

15. 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 have been fully disclosed in the FY24 Annual Report and Accounts. The Group finances its operations through a combination of cash resource and other borrowings.

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 are amortised at cost approximates 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)

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
Financial investments in regulated funds or model portfolios	1,132	175	106

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 at 31 March 2024 were:

- the risk-adjusted discount rate of 8.01%; and
- the probability-adjusted level of assets under management, which had a range of £246,000,000 to £390,000,000.

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

Contingent consideration	£'000
Balance at 1 April 2023	2,989
Unwinding of discount rate	100
Balance at 30 September 2023	3,089
Contingent consideration paid	(937)
Unwinding of discount rate	101
Changes in the fair value of contingent consideration	(1,350)
Balance at 31 March 2024	903
Unwinding of discount rate	23
Balance at 30 September 2024	926

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.

16. Equity

	Number
Authorised, called up and fully paid	
At 1 April 2023	60,055,722
Issue of share capital on exercise of employee share options	455,678
At 30 September 2023 and 31 March 2024	60,511,400
Issue of share capital on exercise of employee share options	37,480
At 30 September 2024	60,548,880

17. Share-based Payments

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

(A) Schemes

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

The options granted in 2021 vested and became exercisable in July 2024. There have been 117,084 options exercised during the period from this scheme. The weighted average share price at the date of exercise was £6.84. No options lapsed in the six months to 30 September 2024 (2023: 27,919). A total of 2,508,861 options remain outstanding at 30 September 2024, 2,012,966 of which are currently exercisable. 5,649 options were forfeited in the period (2023: 6,961). The weighted average contractual life for share options outstanding at the end of the period was 5.10 years (March 2024: 5.55 years)

The vesting conditions for the scheme are detailed in the Remuneration Committee Report on pages 58 to 61 of the 2024 Annual Report and Accounts. The weighted average fair value of the options granted during the six months to September 2024 was £6.55. Within the accounts of the Group, 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 are explained in notes 17(B) and 17(C) respectively.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2023	2,804,439	0.59
Granted during the period	204,523	–
Forfeited during the period	(6,961)	–
Lapsed during the period	(27,919)	–
Exercised during the period	(346,896)	
Outstanding at 30 September 2023	2,627,186	0.63
Exercisable at 30 September 2023	1,878,861	0.88
Outstanding at 1 October 2023	2,627,186	0.63
Forfeited during the period	(57,556)	–
Outstanding at 31 March 2024	2,569,630	0.64
Exercisable at 31 March 2024	1,878,861	0.88
Outstanding at 1 April 2024	2,569,630	0.64
Granted during the period	61,964	–
Forfeited during the period	(5,649)	–
Exercised during the period	(117,084)	–
Outstanding at 30 September 2024	2,508,861	0.66
Exercisable at 30 September 2024	2,012,966	0.82

(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 the three-year life of each scheme, at which point they each have the option to either acquire shares in the Company or receive the cash saved.

The 2021 TAM Sharesave scheme vested in August 2024 and 37,480 share options vested, with 24,480 being exercised in the period to 30 September 2024. Over the life of the 2022 TAM Sharesave scheme, it is estimated that, based on current savings rates, 45,487 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, 88,529 share options will be exercisable at an exercise price of £3.89. 24,480 options were exercised in the year, at a weighted average share price at the date of exercise of £3.60. The weighted average contractual life for share options outstanding at the end of the period was 1.51 years (2023: 1.54 years).

Within the accounts of the Group, 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 are explained in notes 17(B) and 17(C) respectively.

	Number of share options granted (number)	Weighted average price (£)
Outstanding at 1 April 2023	95,095	2.57
Granted during the period	27,131	2.91
Forfeited during the period	(2,656)	3.07
Exercised during the period	(108,781)	2.29
Outstanding at 30 September 2023	10,789	3.47
Exercisable at 30 September 2023	–	–
Outstanding at 1 October 2023	10,789	3.47
Granted during the period	63,342	2.93
Forfeited during the period	(4,154)	3.22
Outstanding at 31 March 2024	69,977	3.53
Exercisable at 31 March 2024	–	–
Outstanding at 1 April 2024	69,977	3.53
Granted during the period	23,233	3.63
Forfeited during the period	(1,019)	3.59
Exercised during the period	(24,480)	3.60
Outstanding at 30 September 2024	67,711	3.54
Exercisable at 30 September 2024	13,000	3.60

(B) Valuation assumptions

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

	EMI scheme			Sharesave scheme	
	2024	2023	2022	2023	2022
Share price at grant (£)	7.04	4.74	4.03	4.91	4.25
Exercise price (£)	–	–	–	3.89	3.26
Expected volatility (%)	34.49	35.24	34.05	35.13	34.05
Expected life (years)	3.00	3.00	3.00	3.00	3.00
Risk free rate (%)	3.98	4.64	1.71	4.74	1.71
Expected dividend yield (%)	2.27	3.06	3.11	2.95	3.11

(C) IFRS 2 share-based option costs

	Unaudited six months ended 30-Sep 2024 (£'000)	Unaudited six months ended 30-Sep 2023 (£'000)	Audited year ended 31-Mar 2024 (£'000)
TAM EMI scheme	804	797	1,376
TAM Sharesave scheme	39	32	82
	843	829	1,458

The Consolidated Statement of Cash Flows shows an adjustment to Net cash from operating activities relating to share-based payments of £818,000 (2023: £829,000). This is a charge in the year of £843,000 (2023: £829,000) adjusted for cash paid relating to national insurance contributions on the exercise of share options of £25,000 (2023: £nil). Of the charge of £843,000, £438,000 is recognised through equity, with the remaining £405,000 relating to the cost of national insurance contributions, which are not accounted for through equity.

18. 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.

Entity	Terms and conditions	30 September 2024		30 September 2023		31 March 2024	
		Income/ receivable/ (cost) (£'000)	Balance payable (£'000)	Income/ receivable/ (cost) (£'000)	Balance payable (£'000)	Income/ receivable/ (cost) (£'000)	Balance payable (£'000)
Suffolk Life Pensions Limited	Payable in advance	(31)	(15)	(30)	–	(47)	(15)
Hermitage Holdings (Wilmslow) Limited	Repayment on demand	–	–	(12)	–	(12)	–

19. Reconciliation of operating profit to net cash inflow from operating activities

	Note	Unaudited six months ended 30- Sep 2024 (£'000)	Unaudited six months ended 30- Sep 2023 (restated) (£'000)	Audited year ended 31-Mar 2024 (£'000)
Profit for the period		7,720	5,391	12,921
Adjustments:				
Corporation tax expense	6	2,382	2,302	3,830
Finance income		(485)	(206)	(640)
Finance costs		23	246	353
Depreciation of property, plant and equipment	12	152	192	375
Amortisation of intangible assets	11	301	330	543
Share-based payment expense	17	818	829	1,236
Post-tax share of profits/(losses) of joint venture		81	(153)	1,188
Changes in fair value of contingent consideration		-	-	(1,350)
Fair value gains on financial assets		(26)	-	-
Changes in:				
Trade and other receivables		74	(619)	(1,576)
Trade and other payables		(807)	(46)	50
Cash generated from operations		10,233	8,266	16,930

20. Events after the Reporting Period

There were no material post balance sheet events.

21. Contingent Liabilities

At 30 September 2024, the Directors confirmed there were contingent liabilities of £nil (2023: £nil).