BREWIN DOLPHIN

Annual Report and Accounts 2019

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Innovating for growth

We will meet our clients' needs and realise our vision by delivering proposition innovation that is client-focused and advice-led.

By focusing on these areas we will grow and continue to deliver value for both clients and investors.

“I have the greatest confidence…in your team…who have always shown the same care, perfect manners and attention to detail.”

A Brewin Dolphin client, Newcastle Office

Strategic Report

Culture and strategy: a resilient business

Simon Miller
Chairman

Summary

- A good year for the business, driven by our strategy.
- A culture well-aligned to deal with the shifting public expectations of the industry.
- Acquisitions adding to the depth of advice-led offerings and increasing geographical reach.

Dear Shareholder

This has been a good year for Brewin Dolphin, notwithstanding the challenging external environment, our culture, strategy and strong execution have all contributed to our results.

Discretionary funds increased to £40.1 billion, driven by strong net inflows from new business and creditable investment performance. Total funds grew to £45.0 billion. These results confirm the Group's position as one of the UK's leading wealth managers. The Chief Executive's report contains a detailed account of the year and is set out on pages 14 to 17.

The Board is proposing a final dividend of 12p per share, to be paid on 12 February 2020 to shareholders on the register on 10 January 2020. The ex-dividend date is 9 January 2020. This will bring the total dividend for 2019 to 16.4p per share. The payout ratio of dividends to earnings of 80% is at the top of our target ratio of 60%-80% of annual adjusted diluted earnings per share. In considering the dividend, we also have regard for our dividend cover. Our dividend policy is set to balance our requirements for investment in the business and growing the dividend in line with future expected earnings, subject to our payout ratio, and to maintain a strong balance sheet.

Values underpin success

There is a fundamental connection between the purpose and values of a firm and its continued success. I welcome the broad public discussion underway about the role of business in society. Businesses that recognise and successfully balance the needs of different stakeholders are those that will flourish over the longer term.

In previous annual reports, I have emphasised the importance of culture and our employees. As a Board, we are committed to embedding our strong culture across the Group and ensuring that those who work for Brewin Dolphin understand its importance. Our values provide a framework that enables our colleagues to work in ways that support our purpose.

We recognise those who embody these values at our annual People Awards. See page 39 for further details.

Reflecting on the importance of culture, Brewin Dolphin continues to invest heavily in leadership, education and training. This ensures that the next generation of leaders have both the appropriate skillset and values.

It is satisfying to report employee engagement levels of 87% which is firmly above our peers, and continued high client satisfaction scores. Such outcomes are correlated with financial performance.

The close connection between Brewin Dolphin and the communities in which it operates is an important demonstration of how the business approaches its wider responsibilities. This year has seen a notable increase in the level of activity undertaken across a range of community focused areas. These include volunteering, fundraising and payroll giving. Further information can be found on pages 41 and 42.

Strategic acquisitions

We are an advice-led business, and continue to make good progress on extending our advice proposition. We have made a number of acquisitions over the last year which enhance our business. As a Board we were pleased to complete the acquisition of Investec's wealth management business in Ireland on 31 October 2019. The business will be merged into our existing Dublin-based office and strengthen our position in this

Dividend policy

The Company's policy is to grow dividends in line with adjusted[1] earnings, with a target payout ratio of between 60% and 80% of annual adjusted diluted earnings per share.

The policy is intended to ensure that shareholders benefit from growth. The Board recognises the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns.

The payout range has been adopted to provide sufficient flexibility for the Board to remunerate shareholders for their investment whilst recognising that there may be a requirement, at times, to retain capital within the Group.

See page 38 for more information.

1. See page 34 for an explanation of adjusted measures.

> "I believe there is a fundamental connection between the purpose and values of a firm and its continued success."

vibrant market. Ireland has a young population with high savings rates. The wealth management market in Ireland is under-served, and our advice-led proposition will bring much value.

The acquisition of the assets and staff of Bath-based Epoch Wealth Management brings more high-quality financial planning skills to the Group and enhances our coverage in the West Country. The purchase of IFA, Aylwin, establishes Brewin Dolphin in Winchester and provides better reach into the Thames Valley. Finally, the acquisition of Mathieson, a consultancy business providing expert witness reports on pension valuations, broadens our professional services offering.

Strong execution

Client survey results attest to the strength and consistency of delivery every day across the business.

We have invested the same energy into the implementation of evolving regulation. MiFID II costs and charges letters were distributed to all our clients early in 2019 and have provided greater transparency between ourselves and clients. We undertook extensive preparations for the implementation of SMCR, designed to ensure clear lines of accountability throughout our business, which comes into effect on 9 December 2019.

Our culture has influenced how we have embraced both of these important regulatory changes; the intention of both pieces of regulation has been to ensure good conduct. Regulation has become increasingly complex and it is businesses such as Brewin Dolphin, which can absorb such change efficiently.

Board changes

There were some changes made to the Board during the year. Siobhan Boylan joined the Board as Chief Financial Officer on 4 March 2019, Ian Dewar became Senior Independent Director on 26 July 2019, taking over from Kath Cates who continues to serve as the chair of the Risk Committee.

Paul Wilson resigned as a Non-Executive Director and stepped down from the Board on 9 October 2019, after six years' service. The Board would like to thank him for his contribution. Further information can be found in the Governance section starting on page 46.

Looking forward

Two of the dominant influences on the market over the past year have been Brexit and the US trade war with China. It is impossible to gauge the impact of these on the various indices, although worth noting that during the past 12 months the FTSE index fell to 6,585 and rose to 7,687, demonstrating substantial volatility.

The Group's results are partly affected by market movements. We are however more importantly impacted by the retention and flow of business, which is a function of the consistency and quality of our offering to clients. The business is well prepared and will continue to serve its clients within the changing landscape.

As I mentioned above, client satisfaction levels are high and you will see from the results that we continue to retain and attract new business.

Annual General Meeting (AGM)

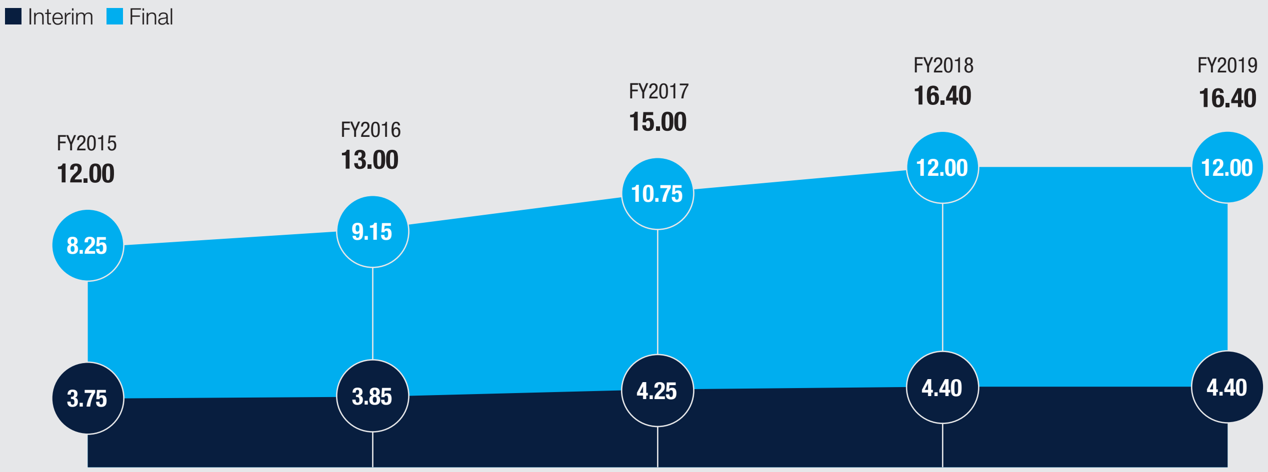
This year's AGM will be held on 7 February 2020 in Haberdasher's Hall, 18 West Smithfield, London EC1A 9HQ, a short walk from our head office. I do hope you will be able to attend. Light refreshments will be provided after the meeting. If you are not able to be with us, please write to me with any questions or comments you may have, and I will ensure that you receive a timely response.

We endeavour to maintain a regular dialogue with our shareholders, large and small, and your views are always most welcome. Further details can be found in the Notice of AGM.

Simon Miller
Chairman

26 November 2019

Dividend history (p)



Highlights

Consistent year on year funds growth, underpinned by our robust business model is supporting investment initiatives in both our propositions and infrastructure.

Total income
£339.1m
2018: £329.0m

Discretionary funds
£40.1bn
2018: £37.6bn

Adjusted[1] profit before tax
£75.0m
2018: £77.5m

Statutory profit before tax
£62.6m
2018: £68.5m

Adjusted[1] profit before tax margin
22.1%
2018: 23.6%

Statutory profit before tax margin
18.5%
2018: 20.8%

Adjusted[1] earnings per share – diluted[2]
20.5p
2018: 21.7p

Statutory earnings per share – diluted[2]
16.6p
2018: 18.9p

Dividend payout ratio
80%
2018: 75.6%

Full year dividend
16.4p
2018: 16.4p

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.
2. See note 12 to the Financial Statements.

Continued funds growth

We are on track to meet the 5 year discretionary organic funds growth target we set in 2015 (see page 15). Total discretionary funds grew by 6.6% to £40.1 billion, driven by strong net funds inflows of £1.4 billion. This represents a 3.7% growth rate which, whilst below our 5.0% target, is credible against the backdrop of economic uncertainty.

Client offering expanded

With *1762 from Brewin Dolphin*, WealthPilot and BPS, we have a broader range of services for a broader range of clients.

Investment initiatives in technology to support growth

We are investing substantially in the Group's infrastructure to provide an efficient platform, including replacing our core custody and settlement system which is on track and on budget.

Inorganic growth – acquisitions

The Group has made several strategic acquisitions in the year – increasing funds, advice-led capacity and geographical footprint.

We are a leading wealth manager with a clear focus on growth

Our brand is recognised and known for trusted advice and investment expertise

During our long history as a respected provider of high-quality financial services to clients, we have earned a reputation for integrity and trustworthiness that stands us in good stead for the future. We continue to build on this with our significant investment in financial planning capability.

The future direction of our market place is positive

As the role of the State diminishes, people need increasingly to take responsibility for their financial affairs such as savings, investments, and planning for retirement and long-term care. Demand for financial advice services and investment management is growing as a result, creating good long-term prospects for continued growth.

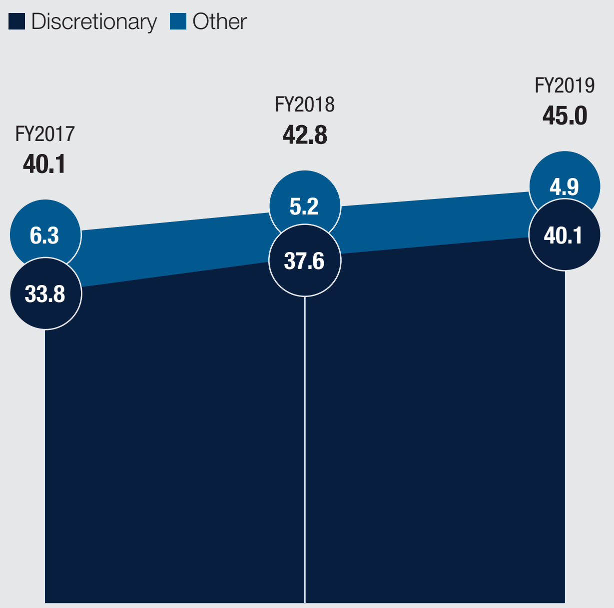
Our scale and investment in our people enable us to stand out

We are one of the largest wealth management companies in the UK and Ireland with a strong branch network. We attract, develop and retain the best talent to strengthen existing relationships, win new clients and help us build an even stronger organisation.

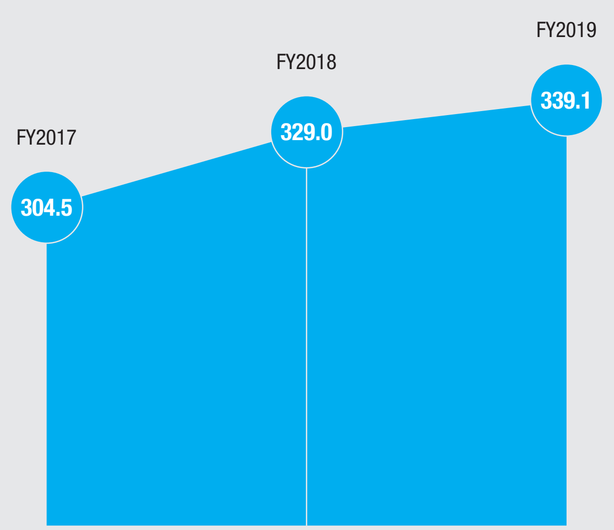
We are making good progress with our strategy and investing for the future

We have significantly strengthened our operations and improved our operational efficiency in recent years. We are now progressing with our strategy for growth, investing to widen our proposition and increase the number of clients we serve and the proportion of their wealth that we manage.

Total funds (£bn)



Total income (£m)



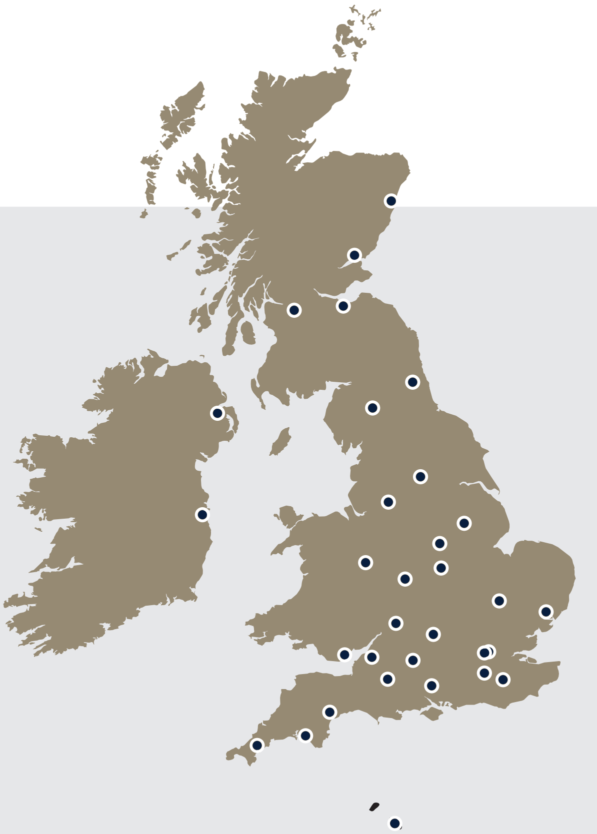
Building a modern business

Our foundations may have a long history, but we have always been a forward-looking firm, committed to serving the interests of our clients by navigating them through times of change.

Over 250 years' experience

1,864 employees

32 offices



Who we are

Founded in 1762, we have grown to become one of the leading wealth managers in the UK and Ireland. We are listed on the London Stock Exchange as a member of the FTSE 250.

We manage the interests of clients who have had wealth for generations, and those who are the first in their family to need a wealth manager.

Individual and personal service is central to everything we do. Our success has been built on the strength of our relationships with our clients.

What we do differently

We have 32 offices across the UK and Ireland which create a strong presence and enable us to combine the best of local understanding with national scale and perspective.

Our ability to build strong long-term relationships and provide integrated advice-led propositions means we can create bespoke financial plans and investment portfolios that meet client needs, delivering peace of mind.

Our propositions are evolving to ensure that they remain relevant in today's environment and create growth opportunities for the Group.

We have the right skills to capitalise on opportunities to protect and grow wealth for our clients and implement our growth strategy.

Independent minds

We offer unbiased recommendations. Our research team undertakes independent research across markets, asset classes and individual companies. They develop unconstrained views and insights for our advisers to draw upon.

As long-term investors, we review and challenge companies that we invest in as part of our client portfolios. As well as monitoring their performance, results and objectives.

Evolving our services

The table below outlines our services that support our propositions:

	Available to: Direct private individuals	Private individuals via intermediaries	Corporates	Charities
Wealth Management Integrated approach to protecting and growing wealth that combines both Financial Planning and Investment Management.	●			
Investment Management Designed for clients who want to benefit from a personal focus on their investment portfolio but do not require financial planning.	●	●	●	●
Financial Planning This service helps address our clients' wider financial planning needs including advice on investment, protection or retirement requirements.	●			
Managed Portfolio Service ('MPS') This service is available for financial advisers, offering a suite of risk rated model portfolios designed for their clients who do not require, or for whom it is not cost effective to have, a personalised solution. The service can also be accessed by direct clients through a Brewin Dolphin financial planner.	●	●		
Brewin Portfolio Service ('BPS') A cost effective service for clients with smaller sums to invest and who do not need advice. It combines the investment expertise of Brewin Dolphin with the freedom for individuals who are happy making their own risk decisions and investment choices. It gives access to six risk rated portfolios which are primarily invested in passive funds.	●			
Execution Only Custody, trade execution and settlement services for clients who have no need for advice and prefer to make their own investment decisions. This service is limited and we no longer provide it on a standalone basis to new clients.	●		●	●
Expert Witness Report Service An independent report writing service for clients to value their pension assets.	●			
Advisory The service provided is either 'Advisory Managed', where we provide advice on both the structure of the portfolio and the individual investments within it, or 'Dealing with Advice' where advice is provided on a transactional basis only. We no longer offer this service for new clients, other than on an exceptional basis.	●		●	●

Designed for long-term growth

Resources and relationships

We actively engage with our stakeholders throughout our business cycle.

Employees

Our strength is in our people, both client-facing colleagues and those who provide support to them. We have a strong commitment to development and we use initiatives such as the employee engagement survey to understand what is working well and what can be improved. See 'Our People' on page 39 for more detail.

Clients

We help to protect and grow the wealth of our clients and maintaining close formal relationships with them is key to our business. We are consistently listening to client views and undertake an annual client survey to seek client views.

Investors

We engage with our shareholders and potential investors on a one to one basis and at events such as the Company's AGM and roadshows.

Suppliers

We actively engage with our suppliers which ensures commitment and transparency between all parties.

Regulators

We maintain a regular proactive dialogue with regulatory bodies and can therefore adapt to the changing regulatory landscape and identify where these changes can provide opportunities for the business.

Propositions

Innovation and strong client relationships are central to our strategy.

Advice

Our people devote time to establishing strong client relationships based on a full understanding of each client's circumstances. This enables us to build a tailored financial solution.

The tailored financial solution may include our integrated wealth management service, financial planning or our investment solutions, depending on client needs and how they want to access our services.

Investment solutions

We are independent, which means we can look across a wide range of financial products to choose the best and most appropriate options from the market place.

Our direct portfolios and our model portfolio services are underpinned by our in-house research as well as our Group-wide asset allocation framework.

See page 9 for more information on 'Our Services'.

Delivered by our distribution model

Channel	Available to	Services
Direct (via our network of 32 offices; referrals from professional service firms; and online)	Private individuals, charities and corporates	Wealth Management
		Financial Planning
		Investment Management
		Brewin Portfolio Service ('BPS')
		Expert Witness Report Service
Indirect (via our network of 32 offices)	Intermediaries	Investment Management
		Managed Portfolio Service ('MPS')

Our business model is underpinned by:

- Our culture and values (page 39).
- Our Strategy (page 18).
- Our Risk Management Framework (page 29).
- Our high standards of corporate governance (page 46).

Creating value

The creation of value for our clients is inextricably linked to our business interests.

Clients with advice

Clients with advice are able to access wealth management, investment management and financial planning services. We help clients achieve their long-term goals by managing their wealth.

Each client is different, so we assess their individual needs and develop personalised plans. We guide them through today's complex financial services environment, helping them nurture their wealth.

Clients without advice

BPS gives clients a low-cost alternative to the full wealth management service, whilst still enabling them to benefit from the research and investment expertise of Brewin Dolphin.

Intermediaries

Both MPS and our discretionary investment management service allow intermediaries to effectively outsource the investment management of their clients' portfolios whilst retaining the full client relationship. Our national business development team and network of offices mean we can support advisers and their clients face-to-face across the UK.

Investors

We earn income from services based on the amount of funds we manage, fees charged for financial planning or the investment business we transact on behalf of our clients.

Our personalised approach to client service combined with the expertise of our professionally qualified and experienced staff drives the value of our services and helps us earn the trust of clients and create loyal client relationships. This creates value through brand enhancement and the generation of new leads via referrals.

Our client relationships are a key source of long-term value for the Group.

Putting value to use

The value we create generates additional capacity for us to invest further in our business to deliver long-term growth.

Investments

Investments are made to support the Group's growth strategy and must meet financial criteria. Investment priorities are determined in line with strategic plans and goals. Investment requirements may include elevated operational expenditure as well as capital expenditure for distinct periods of time to deliver our long-term growth strategy.

See the Financial Review from page 34, for more information.

Acquisitions

We monitor the market for potential strategic inorganic growth opportunities and in considering such opportunities we are mindful of the importance of cultural fit. We are well positioned to take advantage of opportunities where they are strategically aligned.

See the Chief Executive's Review on page 16 for further information.

Training and development of our people

Investment here ensures that we offer the best advice to clients, offer rewarding careers to our people and continue to attract new clients.

See page 40 for more information.

Capital retention

Capital is retained for both regulatory requirements and investment needs.

Returns to shareholders

The Group has an established dividend policy.

See pages 4 and 38 for further information.

Market review

The financial services industry is undergoing a significant change which provides opportunities and challenges for our business – societal, economic, regulatory and technological. Our strategy aims to take advantage of these.

Societal change

- How people save and invest to meet their needs is directly affected by societal influences.
- Factors range from changing Government policy to evolving consumer preferences including environmental, social and governance ('ESG').

Market challenges

The Government's long-term social care policies continue to place less emphasis on state provision, and employers continue to withdraw from final salary pension schemes, making people more self-reliant in planning for their long-term needs. Many have generated substantial personal and familial wealth that they wish to protect and grow. Individuals are increasingly seeking outcome-oriented solutions that help them fulfil their personal ambitions.

Our response

Greater self-reliance has created the opportunity for Brewin Dolphin to help growing numbers of individuals via our advice-led, long-term relationship and needs-based propositions. We design tailored solutions, including responsible or restricted investment options, based on in-depth knowledge and understanding of individual client needs.

We actively engage with a number of agencies who produce ESG ratings.

The fully bespoke, advice-led wealth management service we offer enables us to take advantage of the trend towards outcome-oriented solutions. Critically, our continued focus on addressing individual client needs ensures that our offering remains relevant over the long term.

We have broadened the range of clients we can help with *1762 from Brewin Dolphin* and WealthPilot (see page 15). WealthPilot, in particular, provides us with the ability to engage with people who require simplified advice.

Economic environment

- Economic forces shape the investment environment and competitive landscape.
- The environment is influenced by national and world events that are impossible to control, such as Brexit.

Market challenges

In the UK, more than a decade of low interest rates has created challenges for people seeking a low-risk means of maintaining and growing their capital. Geopolitical uncertainties are also highly influential. Heightened risk and volatility can have negative short-term impacts on business and stock market performance. The UK wealth management industry is highly fragmented and constantly changing, with former participants in the financial services sector returning to the advice market.

Our response

Our ability to adapt to changing client needs and market environments helps us to manage investment performance.

Within the fragmented UK investment environment, Brewin Dolphin's trusted brand and established reputation for delivering sound advice and consistent performance enable us to sustain long-term client relationships and remain relevant.

In 2019 we have experienced a period of marked uncertainty. Brexit, closer to home, and the US-China trade dispute more broadly, have cast gloom over the markets leading to increased volatility. We have predicted these pressures and we have responded well, and across the year we have been able to continue to grow our funds (see page 35).

Regulatory developments

- As regulators focus on protecting consumers, legislation is becoming increasingly stringent.
- The level of public scrutiny on conduct and cost is increasing.

Market challenges

The need to comply with changing regulation, such as SMCR, means companies face significant cost and resource challenges in areas including information technology, compliance and operations. Following the introduction of MiFID II last year, clients can more easily view the cost of the services they receive. In addition, pension freedom rules and other changes are leading more individuals to seek professional financial advice.

Our response

We see regulation and culture as interconnected. Holding ourselves to the right standards of conduct aligns us to the changing regulatory requirements. We have been proactive in reinforcing our culture. We have been preparing for SMCR and training our staff appropriately.

Brewin Dolphin has the scale needed to absorb the cost of investment and to allocate resources appropriately, as well as the expertise to adapt efficiently to new regulation. More broadly, we continue to provide comprehensive training to ensure our people provide regulation-compliant advice to our clients (see page 40).

Technological advances

- Technology is a differentiator that can radically affect a company's service to clients and operating models for employees.
- We are using technology to improve the efficiency and ease with which we interact with clients.

Market challenges

New technology and business models can be powerful enablers but also a threat, particularly in financial services where they have the potential to transform many aspects of the wealth management industry.

Our response

Our overriding emphasis on client relationships makes enhanced communication an important role for technology as we aim increasingly to complement face-to-face client contact with digital alternatives. By developing both our office network and our online apps and portals we are responding to the evolving needs of our clients. Our hybrid approach is designed to marry the benefits of a face-to-face service with the convenience of technology. We believe this approach will gain over pure digital offers.

Our new client management system and core custody and settlement system will both provide operational efficiencies and rejuvenate our core technology, as well as providing better tools for our people. These are key components of the strategic investment that the Group is making to develop its services and client proposition.

With a strong technology foundation, we can create greater possibilities for client-focused innovation in the future.

How we stand amongst our UK wealth management peers*

	Funds
St James's Place	£112.8bn
Schroders[1]	£52.0bn
Quilter[2]	£45.3bn
Brewin Dolphin	**£45.0bn**
Rathbones[3]	£42.4bn
Investec Wealth & Investment[4]	£41.0bn
Charles Stanley	£24.6bn
Tilney Bestinvest	£24.0bn
Smith and Williamson	£21.4bn
Brooks Macdonald	£13.3bn
Close Brothers Asset Management[5]	£11.9bn
JM Finn	£9.2bn

1. Wealth management only.
2. Advice & wealth management only.
3. Investment management only.
4. UK and other.
5. Managed assets only.

* Latest published annual financial, interim or quarterly trading update where available, otherwise per the entity's website as at 19 November 2019.

Building an innovative business

David Nicol
Chief Executive

Summary

- Robust performance across the business.
- Over 40% of new direct business was through our integrated wealth management service.
- Strategic acquisitions enhance services and broaden coverage.
- *1762 from Brewin Dolphin* gaining momentum.
- Innovation in service proposition for indirect clients.
- Technology platform for WealthPilot to be launched in the Spring.
- Significant investments in talent and technology are positioning the business for next stage of growth.
- Well positioned to capture future growth opportunities.

This has been another good year for the business. Despite economic uncertainty, we have delivered a robust performance. We have made significant progress against our strategy, building a modern business that is well positioned for continued growth.

We have been focused on delivering:

GROWTH + INNOVATION + DISCIPLINED INVESTMENT

Our focus has enabled us to ensure that we invest in those areas that we believe are strategically important, will drive future growth and complement our existing business. This is particularly important in the acquisitions we have made this year which are in strategically attractive markets and provide future growth opportunities.

Performance

This year has seen economic uncertainty resulting in subdued client activity, however, the performance of the business has held up very well. We have delivered organic net discretionary funds growth of 3.7%, bringing our total funds to £45.0 billion and we remain on track to meet our target to grow new discretionary funds organically by a third by the end of FY 2020.

Our business has continued to broaden and this is demonstrated by our strong net discretionary inflows of £1.4 billion balanced across our direct and intermediaries channels and MPS service. As a result of this well balanced growth our revenue is up 3.1% to £339.1 million driven by an increase in financial planning and MPS in particular. Our financial planning income has grown by 12.2% to £27.5 million. Our integrated wealth management service continues to be attractive with over 50% of new private client business now on this proposition.

We have continued to invest in our business in a careful and disciplined way. The expected increase in costs has been into growth initiatives and infrastructure projects which will lay the foundations for future growth. The infrastructure projects will be delivered over the next twelve to eighteen months. Adjusted profit before tax was £75.0 million, down 3.2% from £77.5 million, reflecting the increased investment that has been made. Statutory profit before tax was £62.6 million, down 8.6%, reflecting this investment and one-off items (see page 34).

> Despite economic uncertainty, we have delivered a robust performance and made significant progress against our strategy, building a modern business that is well positioned for continued growth."

Demand for advice

At our heart we are an advice-led business. We have made significant progress in growing our financial planning business over the past five years.

We know that good advice can help people achieve their financial objectives and outcomes. There is an increased onus on individuals to provide for their own retirement and partly as a result there is an increased demand for financial advice across a broad range of society – from mass market to mass affluent and high net worth. However, many people in the UK who have financial needs currently choose not to, or are unwilling to, take advice. We see this as a strategic opportunity and the basis for a widening service offer that means we can meet the specific needs of an increasingly broad spectrum of clients.

Over recent years we have strengthened our financial planning resources considerably. We now have 105 qualified financial planners operating across the business, supported by 129 paraplanners and assistants. We offer financial planning from every office in the UK and Ireland. Our income from financial planning has doubled in the past four years, but that alone does not tell the whole story as financial planning relationships provide access to further investment opportunities.

This year, in delivering our strategy, we have made significant progress on our advice-led growth initiatives and made strategic acquisitions.

Direct clients

Two years ago, we began the design and test implementation of WealthPilot, our cost-effective, simplified wealth planning and investment advice service. Last year, we launched *1762 from Brewin Dolphin*, our advice-led proposition for clients with more sophisticated and complex needs and we continue to develop both services.

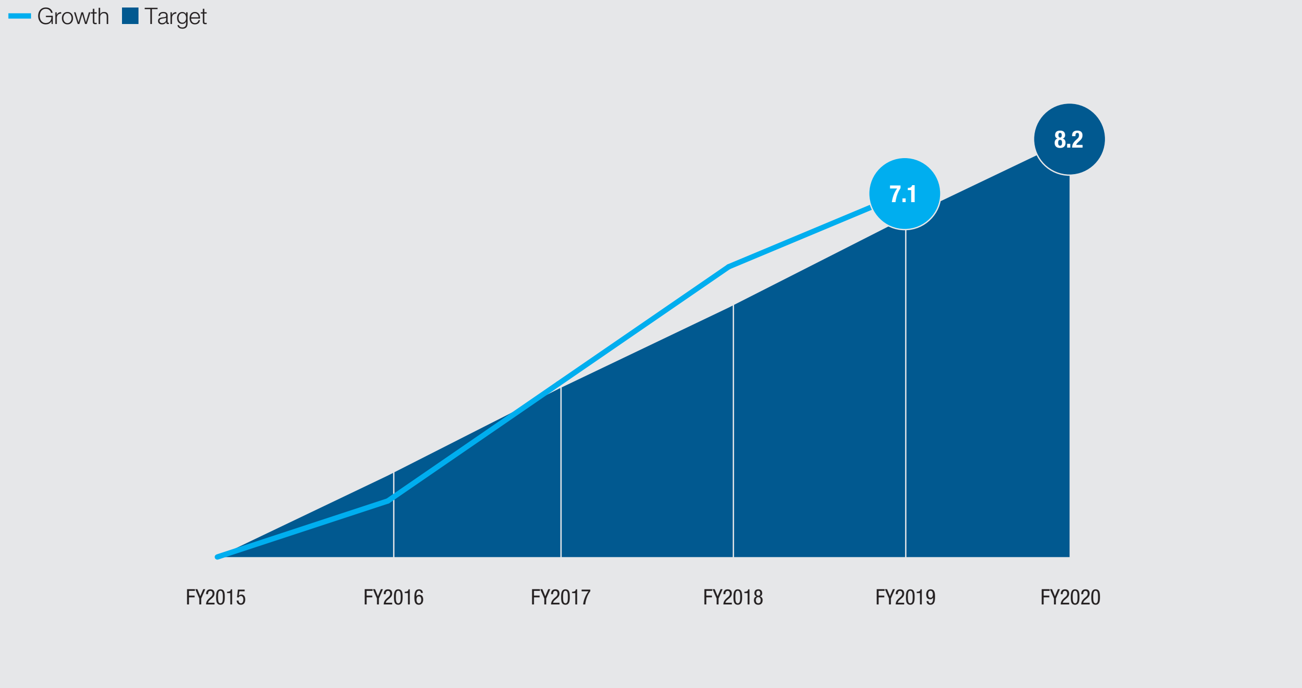
The WealthPilot team has expanded from 12 to 15 employees as we have added clients. We have learned more about the types of people the service appeals to, and we have further tested and evolved the systems and processes that sit behind it. Following an evaluation of potential technology platforms, we appointed Focus Solutions as our provider. We are now working with them to launch the online platform in Spring 2020, which will provide a modern portal for prospective clients to use.

We recognise that people want to access services in different ways for different tasks, so WealthPilot allows clients to access the service either digitally or more personally. We are confident that combining the two enhances WealthPilot's potential to provide simplified cost-effective advice.

1762 from Brewin Dolphin is now fully up and running. It is gaining traction and we have attracted a number of individuals with a range of skills to join us, all attracted by our ambitious growth plans and innovative services. The team now stands at 44, up from 17 at launch.

Through *1762 from Brewin Dolphin* we have introduced two new services for people with more complex requirements. The first is our core and conviction portfolio which combines a funds-based portfolio approach together with access to direct equities. It is an example of innovative thinking – offering an integrated investment approach that provides more cost-effective access to our equity investment expertise. The second is a liquidity management service, designed for clients with significant short-term cash holdings. We will introduce further value-enhancing propositions in the year ahead to create opportunities for growth.

Five year discretionary organic funds growth – a third over five years (£bn)



While *1762 from Brewin Dolphin* is designed for clients with the most complex needs, our non-advised online investment service, Brewin Portfolio Service (BPS), is for those with straightforward requirements. We continue to add new clients and attract further investment from existing clients. We see BPS as an adjacent proposition to WealthPilot and our core services, enabling clients to access our investment services from as little as £2,000.

Indirect clients

We have continued our strong track record of innovation for our indirect clients, further developing our services in this area that can be accessed via intermediaries. We unitised the funds in our Managed Portfolio Service (MPS), a move that has continued to deliver cost benefits for our intermediaries' clients.

As part of our intermediaries strategy, we have entered into three new partnerships in different target market segments in order to broaden our MPS distribution channels. We have achieved this by pursuing new avenues to extract value from our award-winning investment expertise, licensing our investment know-how to other businesses under the *Powered by* brand. In January 2019, we signed an agreement with Guinness Asset Management to provide our asset allocation and fund selection expertise for their new multi-asset funds. Since then we have concluded two similar agreements with consolidator, Fairstone and regional IFA, Eden Park. This has been an innovative way of monetising the quality of thinking in our research team and we see further opportunities for this proposition.

We have also introduced several additional lower-risk portfolios to MPS, providing our indirect clients with more choice.

Office network and acquisitions

As well as developing our propositions, we are seeking to reach more people by strategically focusing on geographic areas of affluence that are home to potential new clients. This year we have developed our existing office network and bolstered it with strategically important acquisitions that add capability and capacity.

Our office network has always been an important part of how we access clients and local business communities, differentiating us from many of our peers. We have reorganised our offices in the south of England, especially those to the south of London. We opened an office in Winchester, bringing together our existing Bournemouth office with Basingstoke-based IFA, Aylwin Limited, which we acquired in March 2019. We have opened a new office in Tunbridge Wells to improve our footprint in the South East and we are also relocating our Reigate office to Gatwick.

To the north of London, we have increased the size of our Cambridge office space as we see great further client opportunities in this region.

In the West Country, we acquired the staff and assets of Bath-based Epoch in August 2019, an independent financial planning firm with 38 members of staff. This provides a significant increase in our financial planning capacity and adds to our office footprint in an important part of the country.

All these new offices are led by financial planners. This once again highlights our commitment to advice-led growth, whilst also benefiting from our investment management expertise.

> "Many people in this country who have financial needs and means are currently choosing to not take advice. We see this as a strategic opportunity and the basis for a widening service offer that means we can meet the specific needs of an increasingly broad spectrum of clients."

We are expanding our presence and scale in Ireland with the acquisition of Investec's Irish wealth management business, which completed on 31 October 2019. This makes us the third-largest discretionary wealth manager in the country. Ireland has a young, affluent population, and the market there has a growing demand for discretionary and advice-led wealth management services.

When acquiring these businesses, we assess each opportunity through three lenses: strategic fit with our business; commercial and financial benefits; and cultural fit. This third point is an important and often overlooked element of bringing businesses together. Having recognised that each of these businesses shares our values, we are confident that we can integrate them successfully into the Group, retaining their people and clients, and securing the commercial benefits.

Professional services

Two years ago, we launched our professional services proposition, with a particular focus on family lawyers and corporate advisers. Since then, we have built successful relationships with many professionals in these areas and we are now seeing introductions and a strong flow of business.

To expand the Group's professional service offering further, we acquired Mathieson Consulting Limited in April 2019, a consultancy business that provides expert witness reports on pension valuations. This is a business that we have known and worked alongside for some time; we are comfortable with its values and it has clear opportunities for expansion. While it will continue to operate independently as a separate brand within the Brewin Dolphin Group, it complements the core business. There have already been opportunities to make introductions to the broader firm.

Scale matters

In our industry it is becoming ever more apparent that scale matters, as the cost of regulatory compliance increases in particular. Our relative scale therefore is a point of value, not just to ourselves, but also to smaller businesses that we provide services for through our intermediary channel, who can also benefit from our scale.

As regulation continues to expand – in areas such as the Senior Managers & Certification Regime ('SMCR') – our size means we can continue to manage the complexity that smaller businesses find more burdensome.

Investments in technology

Last year we indicated that we would begin to make significant investments in our technology infrastructure, including the replacement of our core custody and settlement system, and our client management system. That development is now well under way and will provide a platform to support our future growth.

Our new client management system, Client Engage, will be delivered in Spring 2020. This has been a complex project which has required considerable investment over the last two years. The new platform will enable our advisers to become more effective and efficient in their handling of client relationships and client information.

In April 2019, we announced that we had appointed Avaloq to replace our core custody and settlement system. Avaloq is a pre-eminent provider of core software and digital technology to banks and wealth managers. Its robust and scalable software is used by over 150 wealth managers and banks globally. We expect the system to go live towards the end of 2020.

These two systems are key components of the strategic investment the Group is making to develop its services and client proposition. They will enable us to enhance the experience we provide for our clients and our own people and improve the efficiency of our business.

As part of these large programmes we have put in place governance to monitor and manage the delivery. This also ensures best practice procedures are used from top to bottom, with full control over risk management and spending.

During the year we made improvements to our MyBrewin client portal, with the release of MyBrewin apps for phones and tablets, enhancing our clients' experience. We recognise that people increasingly want to use a range of communication channels for different aspects of their relationship with us. Our clients see technology and a physical office network as complementary parts of an integrated client experience.

Talent

As the Chairman has already discussed, our culture is incredibly important to our business. Ensuring we have the right talent in place is a fundamental aspect of this and we continue to focus on ensuring that a high ratio of staff is in direct client support roles.

This year we have seen continued success from our Financial Planning Academy, part-funded by the Apprenticeship Levy, which has taken its third intake and is an important part of developing our financial planning capability and capacity. We are also into the third year of our Executive Leadership Programme. By the end of this year more than 50 of our senior managers will have benefited from this high-quality bespoke programme.

> "The progress we have made and the amount we have achieved over the past year means we can look ahead with considerable optimism."

Our new London office

To deliver our growth strategy and accommodate our planned expansion, we will be moving our head office in 2022 to a new site opposite St Paul's Cathedral. We have secured this new building at a similar cost per square foot to refurbishing and remaining in our current office in Smithfield. It will offer a high-quality environment in a central location.

Looking ahead

The progress we have made over the past year means we can look ahead with considerable optimism.

Over the coming year our priorities will be to integrate our new acquisitions and drive ongoing organic growth. We will also continue to commit considerable resource to delivering the change and technology projects that we are confident will put us in a strong position for the future.

With respect to Brexit, we are prepared and will take appropriate measures to address any eventualities that emerge, for our employees, clients and the business as a whole. We are well positioned to withstand market-wide stresses which may be triggered by Brexit.

All of this gives me confidence as I look forward. Brewin Dolphin is a business of great heritage. It is also focused on evolving as a modern business, empowering us to realise our vision of becoming the leading discretionary wealth manager in the UK and Ireland.

David Nicol
Chief Executive

26 November 2019

Continued focus on innovation and growth

Our strategy for growth is designed to enable us to realise our vision of becoming the UK and Ireland's leading provider of personalised wealth and investment management services, delivering a compelling client proposition, rewarding careers and sustainable shareholder returns.

Rearticulating our strategy

Our strategy can be captured in the four objectives set out opposite.

We have previously described our strategy through the outcomes of revenue growth, improved efficiency, capital sufficiency and dividend growth; these outcomes of our strategy remain consistent. We have, however, amalgamated the capital sufficiency and dividend growth outcome into one outcome – capital efficiency and shareholder return.

All of the items we said we would do at the end of last year have been transcribed into the four pillars which demonstrates the consistency of our strategy.

Performance against strategy is a factor in remuneration decision making, see page 71.

For measurement of progress, see our KPIs on page 20.

For discussion on priorities, see the Chief Executive's Review on page 14.

For more information regarding our strategic objectives and risk, see page 28.

For more information on our dividend policy, see pages 4 and 38.

What we said we would do	Measured by
1. Provide more choice for more clients	
• Continue development and roll out of *1762 from Brewin Dolphin* and WealthPilot • Maintain focus on innovation • Continue to develop and grow depth and number of intermediary relationships • Continue investment in client facing new hires	• Net promoter score RG • Discretionary funds inflows RG
2. Further develop our client centric experience and proposition	
• Further investment in technology to streamline client communication and acquisition	• Overall client satisfaction RG • Discretionary funds per CF30 IE
3. Maintain a culture we are proud of	
• Continue investment in developing employee expertise and business development capabilities	• Employee engagement IE
4. Build a platform for growth	
• Identify vendor and progress towards replacement of our core custody and settlement system • Manage development and implementation of client management system • Maintain capital at a level that enables investment in emerging opportunities	• Adjusted PBT margin IE • Capital adequacy risk appetite ratio CS

£1.4bn RG
Net discretionary funds inflows

IE **22.1%**
Adjusted[1] PBT margin

CS **291%**
Capital adequacy risk appetite ratio

RG Revenue growth

IE Improved efficiency

CS Capital efficiency and shareholder return

1. See page 34 for an explanation of adjusted measures.

2019 progress	Future focus
• Increased capacity of *1762 from Brewin Dolphin* with targeted hires • Selected technology platform for WealthPilot, which once rolled out will provide increased capacity for this service • Delivered core and conviction proposition • Signed three agreements with different types of intermediaries under the *Powered by* range	• Develop and enhance our propositions in *1762 from Brewin Dolphin*, MPS and *Powered by* solutions • Acquisitions integrated and benefits delivered (see page 16)
• Enhanced MyBrewin portal and released MyBrewin app • Engaged with technology firm to build WealthPilot • Client management system configured to streamline client onboarding and increase efficiency	• Develop and deliver an enhanced WealthPilot offering and automation • Develop and deliver digital capabilities including MyBrewin app and website upgrades
• Delivered phase 1 of client relationship training • Delivered SMCR training • Leadership training at Cranfield MBA course at Saïd Business School at Oxford University	• Roll out phase 2 client relationship training • Ongoing investment in management and leadership training • Increased commitment to diversity and inclusion
• Contracted with Avaloq to replace our custody and settlement system • Signed heads of terms for 25 Cannon St, our new head office, to create additional capacity • Signed three agreements with different types of intermediaries under the *Powered by* range • Client management system configured to streamline client onboarding and increase efficiency • Several strategic acquisitions made (see page 16)	• Deliver new core custody and settlement system • Implement client management system • Maintain regulatory compliance • ICIIL integration

Measuring the success of our strategy

Delivery of our strategy is measured through focused and select KPIs that demonstrate continued progress to build and grow our business.

Measuring our performance

Key Performance Indicators ('KPIs') are used to measure both the progress and success of our strategy implementation. The KPIs are set out below, with a measure of our performance to date and an indication of potential challenges to success where applicable.

Changes to KPIs

During the year, we have reviewed our measurements to ensure that they are appropriate for our strategy. We have removed the following KPIs as we believe they are no longer relevant and have explained why below:

- Discretionary service yield: this is an output of the charge we make to clients and as such is not a target.
- Average client portfolio size: the metric is an output rather than an efficiency metric and we believe discretionary funds per CF30 is a better metric.

Additionally, the KPI for dividend which was shown as the total dividend for the year has been replaced with the dividend payout ratio. This ratio, along with the capital adequacy risk appetite ratio and adjusted[1] diluted EPS measure, have been presented as part of capital efficiency and shareholder return.

KPIs and remuneration

The KPIs for discretionary funds inflow and adjusted[1] PBT margin are included in remuneration decision making, see page 70 for further details.

A detailed explanation of the calculations used for KPIs is contained in the Appendix on page 157.

Revenue growth

RG

Discretionary funds inflows (%)

Target 5%

Definition The value of annual net inflows as a percentage of opening funds for our discretionary service.

Performance during the year Positive net fund inflows of £1.4 billion. Though 2019 net inflows are tracking behind our 5% target, it is a resilient result against the backdrop of challenging market conditions.

Potential challenges Failure to successfully execute on the growth strategy for attracting direct inflows.

2019	3.7
2018	6.8
2017	8.0

Net promoter score (%)

Benchmark 46.0%

Definition An indication of how likely clients are to recommend us. Scored from -100% to +100%, measured by a client survey conducted by an independent third party.

Performance during the year This year saw a score of 51.2%, up on last year, as in previous years this is significantly ahead of the industry benchmark of 46.0%.

Potential challenges Failure to maintain a positive reputation may adversely impact client loyalty.

2019	51.2
2018	44.3
2017	47.9

Overall client satisfaction

Benchmark 8.5/10

Definition An indication of overall client satisfaction as a score out of 10, measured by a client satisfaction survey conducted by an independent third party.

Performance during the year This year saw a score of 8.6/10, above the 2019 industry benchmark of 8.5. This score is consistent with prior years, reflecting our continued dedication to serving our clients.

2019	8.6
2018	8.5
2017	8.5

Improved efficiency

IE

Adjusted[1] PBT margin (%)

Target 25%

Definition Reported total annual adjusted profit before tax as a percentage of total income.

Performance during the year Adjusted PBT margin is lower than 2018. Income growth has been offset by increase in operating costs resulting from targeted investment spend supporting growth initiatives and infrastructure investment.

Potential challenges Failure to achieve further growth combined with changes in investment market and economic conditions.

2019	22.1
2018	23.6
2017	23.0

Discretionary funds per CF30 (£m)

Target £100m

Definition The year end total value of client funds in our discretionary service divided by the year end number of client-facing professional investment managers and financial planning staff ('CF30s').

Performance during the year As part of the growth strategy, the Group has increased the number of CF30s in the year, this has been offset by continued positive net flows and investment performance resulting in a marginal increase in the efficiency measure.

2019	81
2018	80
2017	75

Employee engagement (%)

Benchmark 77%

Definition A survey that measures overall employee engagement on matters that affect them, measured by a specialist external company. The survey is benchmarked against other financial services firms.

Performance during the year The employee engagement survey undertaken in 2019 resulted in a score of 87%, a significant 4 percentage point increase over the 2018 result – see page 39 for more details.

Potential challenges Failure to engage our employees effectively could impact productivity and could result in loss of key staff.

2019	87
2018	83
2017	82

Capital efficiency and shareholder return

CS

Capital adequacy risk appetite ratio (%)

Minimum 150%

Definition The risk appetite is defined as a percentage of the Group's year end total regulatory capital resources to the year end minimum total regulatory capital requirement.

Performance during the year Our capital adequacy risk appetite ratio remains well above the risk appetite of 150%.

2019	291
2018	234
2017	232

Adjusted[1,2] diluted EPS (p)

Target n/a

Definition The reported adjusted diluted earnings per share.

Performance during the year The adjusted diluted EPS was lower year on year following the issue of capital to fund an acquisition and lower profits.

Potential challenges In the longer term, failure to effectively execute our growth strategy. In the short term, investment market conditions are the biggest driver of our income and therefore of earnings.

2019	20.5
2018	21.7
2017	19.6

Dividend payout ratio (%)

Target 60-80%

Definition The total annual dividend per share (interim and final) as a percentage of annual adjusted diluted EPS.

Performance during the year The dividend payout ratio for the year is at the top end of the target range.

Potential challenges Need to retain capital for investments. Failure to maintain capital strength and profitability.

2019	80
2018	76
2017	77

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.
2. See note 12 to the Financial Statements.

> We have developed propositions that enable us to serve a wider group of clients within society."
>
> **Charlie Ferry**
> Managing Director of Private Clients

Client-focused innovation

Charlie Ferry
Managing Director of
Private Clients

Q What are the client opportunities for Brewin Dolphin?

A In a world where people increasingly have to look after themselves financially, not taking advice or action can be bad for their financial wellbeing. In 2018, the FCA found that only 4.5m people in the UK had received regulated financial advice in the previous 12 months. Many still hold their money in cash rather than investments – £267bn is held in cash ISAs[1]. This highlights how much needs to be done to demonstrate that long-term financial advice is in people's best interests. It is also a challenge for society, which will see a growing and ageing population over the coming decades. Those who can provide advice and savings solutions for each stage of life should therefore be in a position to flourish.

Q How are you responding to this opportunity?

A We have developed propositions that enable us to serve a wider group of clients within society.

With Brewin Portfolio Service (BPS), WealthPilot and *1762 from Brewin Dolphin* now available alongside our core financial planning and discretionary investment management business, we now have a series of propositions designed to meet people's differing needs. We can look after people with £2,000 to invest right through to those with the most complex needs.

BPS is our simple non-advised passive investment service, which so far has 5,000 accounts. We have learned that while it works as a standalone service and for those wishing to make their first investments – for example through Junior ISAs – it is also attractive to those taking full advice but who wish to have access to a lower-price passive service for a proportion of their investments. It is therefore a valuable component as we continue to expand our breadth of services.

Q How are you helping people to engage with Brewin Dolphin?

A This has always been a people business. While proximity matters and our offices have always been important, they are not the only way in which our clients wish to engage with us. We are now building hybrid propositions which blend the contact our clients have via our offices with round-the-clock access through our online portals and apps.

We are taking steps to be physically closer to clients in the parts of the country where there is greatest opportunity. That is why we bought Aylwin, combining that business with our Bournemouth office to create a new, larger Winchester office. This enables better access to people in the Thames Valley. We have also focused on expanding our presence in the affluent areas south of London, opening an office in Tunbridge Wells and also moving our Reigate office to a new larger location near Gatwick Airport.

This year we have also moved to a bigger office in Cambridge, an area which we believe offers an attractive opportunity. The city has been growing fast, is an attractive place to live and work, and has a reputation as a prime spot for technology companies.

We now have an office in Bath, having completed the acquisition of the assets and staff of an independent financial planning firm, Epoch. The financial planning expertise we have acquired significantly increases our capabilities to provide integrated advice to people in that part of the country.

Beyond face-to-face, this year we have improved our digital access. Recognising the continued shift to mobile access for digital services, this year we launched apps for MyBrewin that allow access by mobile, tablet and smart watch.

1. Office for National Statistics, (April 2019) Individual Savings Account (ISA) Statistics

> Clients are looking for solutions that blend direct personal contact with the convenience of technology.”

Nick Fitzgerald
Managing Director of Financial Planning

Advice-led innovation

Nick Fitzgerald
Managing Director of Financial Planning

Q How are you helping more people access financial advice?

A People take financial advice because they have life goals they want to achieve. Whether that is helping their children to leave university debt-free, preparing for a prosperous retirement or planning to pass their wealth on to their family, taking financial advice is important at every stage in life. We are seeing that people recognise these tasks are too complex to do themselves.

We are meeting the requirements of different types of clients with both our newer advice-led services – WealthPilot, our low-cost simplified advice platform, and *1762 from Brewin Dolphin*, our service for clients with the most complex needs.

Q Who is WealthPilot for?

A There are two groups for whom WealthPilot works well.

There are those we can reach earlier in their wealth journey, by offering the simpler advice they need now and then developing with them. It gives us the opportunity to make them a Brewin Dolphin client sooner. We are confident we can retain them when their requirements then change, by enabling them to move to our other propositions.

We are also seeing a group of older people with lower fund levels than our traditional core clients. They need advice, but discretionary fund management would not be suitable. Through WealthPilot, we can now meet their needs and do so cost-efficiently.

Q What will WealthPilot's technology offer?

A Wealth managers have found it challenging to provide advice and engage with people who are less affluent than the traditional clients of a discretionary fund manager – but there is a huge need here that is not currently well-served. We see a significant advice gap in the market.

We are using technology to provide more client-friendly ways to engage with us, including offering more convenient times and locations.

The digital financial planning platform from Focus Solutions that we are introducing allows people to explore and learn, while not incurring cost for us. This means they can start a conversation with more knowledge than before, while the data they have provided in the platform is available to the adviser before the discussion begins. This enables a better initial conversation, which benefits both parties. It is more efficient, reducing the cost to serve, and the technology integrates with other providers so we can automate our processes. This is a service that we can scale up cost-efficiently.

However, technology in isolation is not necessarily the answer. Clients are looking for solutions that blend direct personal contact with the convenience of technology. We also want to use technology to make person-to-person interaction more cost-effective, not to remove it. Clients increasingly bring their experience of other brands with them; we recognise we need to match those experiences.

In the last two years we have proved the concept, tested the model and adapted it through working on real cases. This has helped us improve our processes and has demonstrated that the service is starting to find a real demand. Society needs services that provide good advice, so there is a commercial opportunity there.

Q What does this offer to the business?

A If we can help a younger demographic as they build their wealth, they should become the next discretionary client base. We are therefore building a business with considerable opportunity to grow over the long term.

Q How has *1762 from Brewin Dolphin* developed this year?

A *1762 from Brewin Dolphin* is focused on a far smaller set of potential clients, offering them a holistic perspective on their finances. We think of it as being their financial chief operating officer – bringing together all their advisers to meet their needs in the most effective way.

It continues to build traction, attracting considerable interest in the marketplace. Over the past year, we have built our team with some very strong hires. We continue to develop the central proposition and the specific services available through it.

Proposition innovation

> "Brewin Dolphin is a whole new way of thinking about where we can create value and opens up a revenue stream that had not previously been considered."

Robin Beer
Managing Director of Investment Solutions and Distribution

Robin Beer
Managing Director of Investment Solutions and Distribution

Q **How are you innovating your services for clients?**

A Clients across the board, both direct and indirect, are looking for modern, cost-effective solutions that continue to deliver high-quality investment expertise.

Our response has been to continue identifying opportunities for innovation that enable us to develop compelling services for all our clients.

We enhanced our Managed Portfolio Service (MPS) in May 2018, with a manager-of-managers structure so that we could use our institutional scale to lower costs. We designed the model so that these cost savings are passed back to our intermediaries' clients. It's a very powerful example of how doing what's right for clients means we can create positive outcomes for our business as well. We now have £3.8 billion managed within the MPS.

Responding to market feedback from our intermediary clients, during the year we also added two more models to both our MPS and MPS Passive Plus services for end clients with lower risk appetites.

We have also developed our core and conviction portfolios. We launched these through *1762 from Brewin Dolphin*, and we have seen strong interest in them. This is an innovative way for us to bring direct equity picks alongside fund selections to deliver a cost-effective portfolio solution.

Past innovations are also beginning to pay off. Two years ago, we launched several propositions created to meet the needs of lawyers who advise clients in family law and divorce matters. Designed after extensive research and testing, these targeted services have now gained traction and we are seeing a good stream of business from them.

Q **How else are you monetising Brewin Dolphin's wealth management expertise?**

A On the intermediary side of our business, we looked this year at our distribution model. In January, we announced an agreement with Guinness Asset Management, allowing them to use our asset allocation and fund selection expertise for their new multi-asset funds. This is the first time we have made our MPS strategies available as a fund. It is also the first time that we are not running the assets ourselves.

This new '*Powered by Brewin Dolphin*' proposition enables us to license our intellectual property to non-competing firms.

We have subsequently reached similar agreements with consolidator Fairstone and regional IFA Eden Park. This is a whole new way of thinking about where we can create value and opens up a revenue stream that had not previously been considered. It is in a structure that can be white-labelled for other potential partners.

We are demonstrating our ability to innovate and create a structure that has value for other organisations with direct client relationships. This is testament to the quality of thought from our research team and shows that we are thinking differently about the value we have within our business and how to monetise it.

Q **In the context of this innovation, how important is service now?**

A We have always been a people business, and we know that service continues to be a key differentiator for us. When we provide investment services to an intermediary who owns the client relationship, the value and effectiveness of our support at every level – from investment thinking to administration – continues to be a vital component in differentiating our proposition from those of our competitors.

Managing our risks

Effective risk management is key to the success of delivering our strategic objectives. Our risk culture continues to strengthen; it ensures identification, assessment, and management of the principal risks to our business.

We have a defined risk appetite which enables us to effectively manage the potential upside and downside risks of our strategy.

A number of our principal risks correspond to our growth strategy. Examples include where we continue to develop new propositions, increasing the spectrum of our offerings, to meet a broader range of client needs, and where we have undertaken acquisitions resulting in inorganic growth. In addition, our Change Management Programme is focused on enhancing our technology infrastructure to support future growth.

The primary objectives of risk management at Brewin Dolphin are to ensure that there is:

- a strong risk culture so that employees are able to identify, assess, manage and report against the risks the business is faced with;
- a defined risk appetite within which risks are managed;
- a swift and effective response to incidents in order to minimise impact; and
- an appropriate balance between risk and the cost of control.

Our approach is to maintain a strong control framework to identify, monitor and manage the principal risks we face, adequately quantify them and ensure we retain sufficient capital in the business to support our strategy for growth.

We assess our principal risks regularly to ensure that our risk profile is within our risk appetite which is set by the Board. Annual risk workshops are attended by both the Risk Committee and the Executive Committee.

Risk management process

We categorise risks into risk groups covering potential impacts to clients, revenue, capital and reputation. The three risk groups are:

Our risk management process involves the identification and assessment of specific risks within these risk groups, mitigation and management of these risks, and monitoring and reporting against these risks, which provides the foundation to enable us to deliver against our strategic objectives.

Risk Management Framework

The Board has established a Risk Management Framework to ensure there is effective risk governance. The Board promotes a strong risk culture and expects every employee within the Group to adhere to the standards established by the Board.

The Board encourages a strong risk culture throughout the business by promoting:

- A distinct and consistent tone from the top;
- Clear accountabilities for those managing risk;
- Prompt sharing and reporting of risk information;
- A commitment to ethical principles;
- Appropriate levels of conduct and considered risk taking behaviour;
- Recognition of the importance of knowledge, skill and experience in risk management;
- Members of staff at all levels to escalate events and make suggestions for improving processes and controls; and
- An acceptance of the importance of continuous management of risk, including clear accountability for and ownership of specific risks.

The benefits of establishing a strong risk culture are evident with our employees self-identifying and escalating risk events and potential issues to mitigate the probability of risks crystallising.

We follow industry practice for risk management through the “three lines of defence” model. The first line is the business that owns and manages the risk, the second consists of the control functions that monitor and facilitate the implementation of effective risk management practices, and the third line is independent assurance provided by internal audit.

The Board reviews the effectiveness of this Risk Management Framework, receiving reports on internal control from the Audit and Risk Committees and debating key risks for the Group following more detailed work by the Risk Committee.

The key parties involved in the risk management process within the Group, their respective responsibilities and an explanation of how risk management is structured are set out opposite.

Risk Management Framework

Top down risk management

Board
- Responsible for ensuring there is an adequate and appropriate risk management framework and culture in place.
- Sets risk appetite and is responsible for ensuring alignment with the Group's business strategy.
- Approves the ICAAP.

Risk Committee
- Oversees the Risk Management Framework.
- Assists the Board in its responsibilities for the integrity of internal control and risk management systems.
- Recommends the ICAAP to the Board for approval.

Audit Committee
- Assists the Board in gaining assurance as to the integrity of the financial statements and the effectiveness of the system of internal controls.
- Monitors the effectiveness and objectivity of internal and external auditors.

Risk Management Committee
- Executive level committee oversight and monitoring of the adequacy and effectiveness of the Risk Management Framework.
- Monitors current and emerging risks and themes.
- Oversees the Group's Policy Framework.

Business risks
These are the risks that we do not set the right strategy, a material business decision fails or external market factors impact the viability of the business.

Financial risks
These are the risks facing our business in terms of inadequate or failed management of finances and the risk introduced by external factors that could have a detrimental impact on our cash flow, capital and liquidity.

Operational risks
This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Risk identification and assessment
- Risk and Control Self Assessments to identify the key risks for each department and for business change activities.
- Assessment of inherent (pre-control) and residual risk (post-control).

Risk mitigation and management
- Management of events that have a potential or actual financial, regulatory, operational or client impact.
- Agreeing action plans to mitigate risk issues.

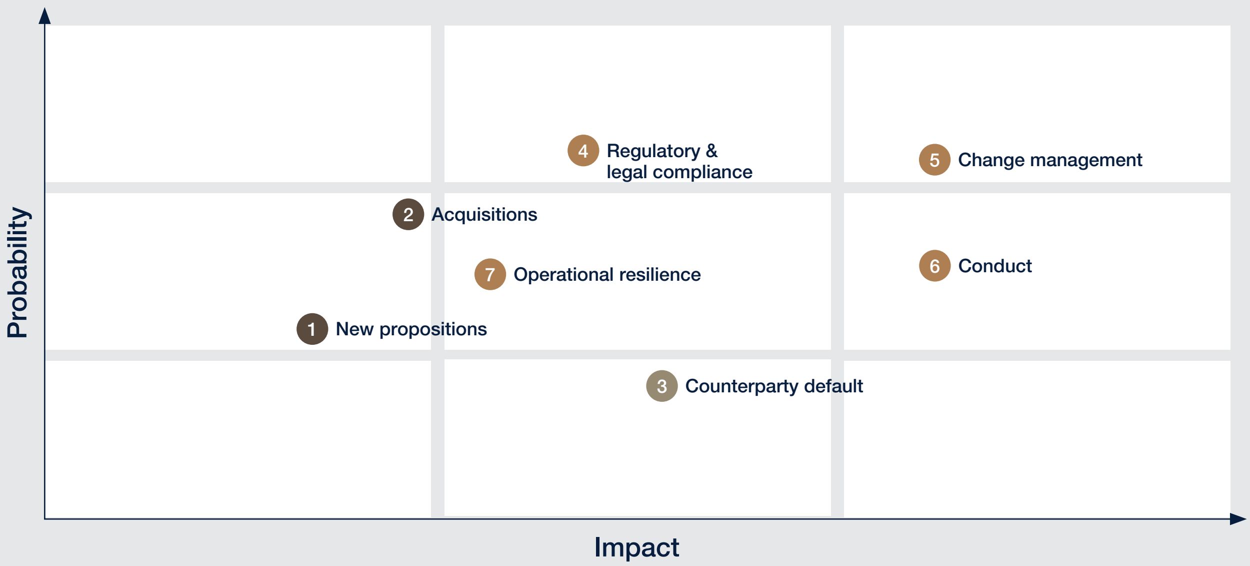
Risk monitoring and reporting
- The business community is primarily responsible for monitoring risks.
- Risk trends are monitored and analysed.
- Key risk indicators are reviewed monthly.

Risk assurance
- Internal auditors evaluate the adequacy of process and systems, and test the operating effectiveness of key controls.

Bottom up risk management

Principal risks – gross risk assessment

Factors which reduce these risks are provided in the principal risks and uncertainties table. The risks are shown on an inherent basis (before mitigating controls):



Business risks
1: New propositions
2: Acquisitions

Financial risks
3: Counterparty default

Operational risks
4: Regulatory & legal compliance
5: Change management
6: Conduct
7: Operational resilience

Responding to risks

- We have developed our approach to horizon scanning, enhancing the processes for identification, assessment and monitoring of potential and planned external changes that potentially impact the firm and its clients.
- We once again conducted an in-depth risk workshop with our Risk Committee and Executive Committee members to review the risks facing the Group.
- Uncertainty in financial markets has continued along with a changing political environment in the UK:
  - We model severe market wide scenarios to stress test funds under management, profit, cash, and regulatory capital.
  - We have a Brexit Steering Committee in place to coordinate the Group's preparation for EU withdrawal.
- We have enhanced governance and Board level oversight of change management, including acquisitions, providing oversight and management of associated risks.
- We continue to focus on the pipeline of regulatory change, including our preparations for SMCR, which comes into effect in December 2019.
- To further develop our operational resilience, we have continued to train our crisis management teams and test our strategic, tactical and operational responses to potential scenarios. We have developed our testing of physical security, systems, processes and people, by engaging an independent party to act undercover and simulate attacks. In addition, we have increased focus on vendors, with a third-party security specialist in place to verify that the third parties we engage with have acceptable resilience capabilities.
- We have been embedding a monitoring dashboard which covers an array of portfolio metrics to reduce conduct risk. The dashboard is overseen by our first line monitoring team, our Regional Directors and Heads of Office, and governance committees.
- In addition, we have been focusing on the alignment and aggregation of all risk-related data into a single application to provide a holistic view and new insights into potential risks.

Principal Risks and Uncertainties

The tables below detail the principal risks and uncertainties we have identified, it is not an exhaustive list of all of the risks the Group faces. We have a process to regularly report key risk indicators and identify changes in the profile of these principal risks. We also consider emerging risks as part of this process. In addition to the principal risks specified, we monitor the external environment and model the potential impact of different potential geopolitical scenarios as part of our stress testing programme.

Key to our strategic outcomes

RG Revenue growth   IE Improved efficiency   CS Capital efficiency and shareholder return

See page 18 for 'Our Strategy' and page 20 for KPIs for further information in relation to the primary strategic impact.

Business risks

These are the risks that we do not set the right strategy, a material business decision fails, or external market factors impact the viability of the business. This could include an inability to introduce or enter into new business lines effectively, to expand organically or through merger/acquisition, or to enhance the effectiveness of our operational infrastructure.

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
1 New propositions (Risk owner: Proposition Executive Sponsor)	The risk of new propositions being uncompetitive and not meeting the needs of our clients, resulting in a failure to attract new clients.	RG	• Dedicated resources to develop, test and launch new service offerings. • New service offerings are piloted before broader rollout.	• Number of new clients, client pipeline, net flows, funds under management.	▲ New propositions are in their infancy.
2 Acquisitions (Risk owner: Acquisition Executive Sponsor)	The risk of acquisitions not achieving strategic objectives or resulting in unidentified liabilities post completion.	RG	• Acquisitions form part of the change management programme governance. • Post completion metrics are monitored.	• Income, client and staff retention, client complaints.	▲ We have undertaken a number of acquisitions in the period.

Financial risks

These are the risks facing our business in terms of inadequate or failed management of finances and the risk introduced by external factors that could have a detrimental impact to our cash flow, capital and liquidity.

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
3 Counterparty (Risk owner: Chief Financial Officer)	Default by our banking counterparties could put our own or our client's cash deposits or assets at risk of loss.	CS	• A Financial Risk Management Framework is in place which includes managing the Group's exposure to counterparty credit risk; setting and monitoring counterparty limits. • Diversity across our banking counterparties. • Due diligence is undertaken for all banking counterparties. • A Financial Risk Committee provides oversight of the Financial Risk Management Framework.	• Proportion of money held per banking counterparty. • Banking counterparty ratings. • Changes in the risk profile of banking counterparties.	◀▶ Financial risks remain at a similar level to last year.

Operational risks

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
4 Regulatory & Legal Compliance (Risk owner: Chief Risk Officer)	This is the risk that we are not compliant with all existing applicable regulation and legislation, which could lead to regulatory enforcement action.	CS	• Compliance and Legal functions monitor and oversee fulfilment of our regulatory and legislative requirements and interactions with our key regulators. • The Group has a Compliance Monitoring programme, approved by the Audit Committee and reviewed by the Risk Management Committee. Monitoring is carried out by a dedicated second line team.	• We have built dashboards to monitor each regulatory risk which includes assessment of the control environment, regulatory interaction, issues and breaches.	▼ The net risk has reduced as we continue to strengthen our control environment.
5 Change Management (Risk owners: Chief Operating Officer and Chief Risk Officer)	The risk that business and regulatory changes are not delivered. This could restrict the firm's ability to achieve its strategic objectives of revenue growth and operational efficiency. Failure to deliver regulatory change could result in sanctions.	IE	• Change management is centralised within a Change and Transformation team. • A Business Change Board with Executive Committee representatives oversee and challenge the change management programme.	• Project status taking into account risks, issues, budget, resources, internal and vendor deliverables.	▲ We are undertaking technology infrastructure replacement projects to achieve our strategic objectives. Our governance and Board level oversight has increased in response.
6 Conduct (Risk owner: Investment Solutions and Distribution Managing Director)	This is the risk of not delivering fair outcomes for clients.	CS	• Tone from the top sets a culture which puts delivering fair outcomes for clients at the core of the Group's activities/ethos. • A conduct risk framework sets our approach to conduct risk governance and the ongoing assessment, monitoring against key metrics and reporting of conduct risk. • A conduct risk dashboard is in place, enabling detailed monitoring and oversight of conduct risk at an individual employee level. • A risk based client on-boarding process which ensures that we understand our clients' needs and attitudes to risk. • A quality assurance process to identify and address any instances where the best outcomes for clients are not achieved. • Robust investment governance supported by an Investment Governance Committee and a dedicated research department.	• Quality of Advice. • Portfolio Turnover. • Asset Allocation. • Client Complaints.	▼ We continue to embed our monitoring dashboard of portfolio metrics, to address conduct risk.
7 Operational Resilience (Risk owners: Chief Operating Officer and Chief Risk Officer)	This is the risk that the Group does not have the ability to prevent, detect, respond to, recover and learn from operational disruption to core business activities, including cyber attacks, failed business change or wider market disruption.	CS	• A dedicated Information Security, Data Protection and Operational Resilience team report directly to the Chief Risk Officer. • Crisis management scenarios are undertaken with external providers to test the roles and responsibilities of the crisis management response teams. We engage independent parties to act undercover and simulate attacks. • We have a third party security specialist in place to ensure the resilience capabilities of our third parties. • Business recovery plans are a core part of business change projects.	• Technology resilience and potential vulnerabilities. • Key Person Dependencies. • Service Disruptions.	▲ The external threat of operational disruption increases. We continue to enhance our approach to mitigating this risk.

Viability Statement

The Directors have assessed the outlook of the Group over a longer period than the 12 months required by the going concern statement in accordance with the UK Corporate Governance Code.

The assessment is based on the Group's Medium Term Plan ('MTP'), the Internal Capital Adequacy Assessment Process ('ICAAP') and the evaluation of the Group's principal risks and uncertainties (see page 31), including those risks that could threaten its business model, future performance or solvency.

The Group maintains a five-year MTP as part of its corporate planning process, which is a financial articulation of the Group's strategy. The financial forecasting model is predicated on a detailed year-one budget and higher level forecasts for years two to five.

As a matter of good practice and as part of the ICAAP required by the Financial Conduct Authority ('FCA'), the Group performs a range of stress tests including reverse stress tests. These assess the Group's ability to withstand a market-wide stress, a Group-specific (idiosyncratic) stress and a combined stress taking into account both market-wide and Group-specific events. The stress tests are derived through discussions with senior management, are deemed to be severe but plausible, after considering the principal risks and uncertainties faced by the Group. The scenarios involved are refreshed on an at least annual basis or sooner if a trigger event occurs to ensure they remain current.

The stress tests enable the Group to model the impact of a variety of external and internal events on the MTP; to identify the potential impact of stress events on the Group's income, costs, cash flow and capital; and the Board to assess the effectiveness of any management actions that may be taken to mitigate the impact of the stress events.

The reverse stress tests allow the Board to assess scenarios and circumstances that would render its business model unviable. This enables the identification of potential business vulnerabilities and the development of potentially mitigating actions.

Throughout the year the Group has continued to evaluate the potential risks and opportunities of the UK leaving the European Union. Although there still remains uncertainty on the final outcome of the negotiations, a range of potential scenarios have been considered and the potential impacts on our clients, the Group and the wider industry have been assessed. This analysis does not present any reason to believe the Group will not remain viable over the longer term. The Group will continue to engage with industry bodies, regulators and clients to further understand these impacts and manage the associated risks.

Following the assessment of the above, the Board concluded that the Viability Statement should cover a period of five years. While the Directors have no reason to believe that the Group will not be viable over a longer period, this period has been chosen to be consistent with the MTP used as part of the Group's corporate planning process.

Taking account of the Group's current position and principal risks and the Board's assessment of the Group's prospects, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over a period of at least five years.

Going concern

The Group's business activities, performance and position, together with the factors likely to affect its future development are set out in the Chairman's Statement, the Strategic Report and the report of the Risk Committee.

The Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk are described in note 27 to the Financial Statements.

The Directors believe that the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of possible adverse changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the Financial Statements. In forming their view, the Directors have considered the Group's prospects for a period exceeding 12 months from the date on which the Financial Statements are approved.

Delivering a robust financial performance

Results for the year

The Group's financial performance for the year to 30 September 2019 was robust against a backdrop of economic uncertainty, delivering organic growth across both our channels.

Profit before tax and adjusted items ('adjusted PBT') was £75.0 million (2018: £77.5 million) reflecting the investment the Group continues to make in growth initiatives and its infrastructure in line with its strategic objectives. The adjusted PBT margin was 22.1% (2018: 23.6%) as the Group makes investments for future growth.

Statutory profit before tax ('statutory PBT') was 8.6% lower than last year at £62.6 million (2018: £68.5 million). Statutory PBT margin for the period was 18.5% (2018: 20.8%).

Adjusted diluted earnings per share ('EPS') fell by 5.5% to 20.5p (2018: 21.7p), partly reflecting the increased number of shares following the equity share issue in May 2019, ahead of the completion of the acquisition of Investec Capital & Investments (Ireland) Limited ('ICIIL'). Statutory diluted EPS was 16.6p (2018: 18.9p).

	2019 £'m	2018 £'m	Change
Income	**339.1**	329.0	3.1%
Fixed staff costs	**(126.7)**	(117.1)	8.2%
Variable staff costs	**(58.2)**	(57.7)	0.9%
Other operating costs excluding adjusted[1] items	**(80.8)**	(77.5)	4.3%
Operating profit before adjusted[1] items	**73.4**	76.7	(4.3)%
Net finance costs and other gains and losses	**1.6**	0.8	100%
Profit before tax and adjusted[1] items	**75.0**	77.5	(3.2)%
Adjusted items	**(12.4)**	(9.0)	37.8%
Profit before tax	**62.6**	68.5	(8.6)%
Taxation	**(14.5)**	(15.0)	(3.3)%
Profit after tax	**48.1**	53.5	(10.1)%
Earnings per share			
Basic earnings per share	**17.0p**	19.5p	(12.8)%
Diluted earnings per share	**16.6p**	18.9p	(12.2)%
Adjusted[2] earnings per share			
Basic earnings per share	**21.2p**	22.5p	(5.8)%
Diluted earnings per share	**20.5p**	21.7p	(5.5)%

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.
2. See note 12 to the Financial Statements.

Explanation of profit before tax and adjusted items and reconciliation to Financial Statements

Profit before tax and adjusted items ('adjusted PBT'), adjusted diluted EPS and adjusted PBT margin ('adjusted measures') are used to measure and report on the underlying financial performance of the Group, aiding comparability between reporting periods. The Board and management use adjusted measures for planning and reporting. They are also useful measures for investors and analysts.

Additionally, some of the adjusted performance measures are used as Key Performance Indicators, as well as for performance measures for various incentive schemes, including the annual bonuses of Executive Directors and long-term incentive plans.

These adjusted profit measures are calculated based on statutory PBT adjusted to exclude various infrequent or unusual items of income or expense. The Directors consider such items to be outside the ordinary course of business. Income or expenditure adjusted for are shown in the reconciliation below and meet the criteria.

Some adjusted for items of income or expense may, like onerous contracts costs, recur from one period to the next. Although these may recur over one or more periods, they are the result of events or decisions which the Directors consider to be outside the ordinary course of business, such as material restructuring decisions to reduce the ongoing cost base of the Group that do not represent long-term expenses of the business. Likewise, costs related to acquisitions are also infrequent by their nature and therefore are excluded. Incentivisation awards costs in relation to acquisitions that are payable for a predetermined period of time, are adjusted for on this basis.

Additionally, the amortisation of acquired client relationships and brand is an expense which investors and analysts typically add back when considering profit before tax or earnings per share ratios.

Reconciliation of profit before tax and adjusted items to statutory profit before tax

	2019 £'m	2018 £'m
Profit before tax and adjusted items	**75.0**	77.5
Adjusted items		
Acquisition costs	**(2.3)**	–
Defined benefit pension scheme past service costs	**(1.9)**	–
Onerous contracts	**(1.0)**	(0.2)
Incentivisation awards	**(0.3)**	(1.3)
Impairment of available-for-sale assets	**–**	(0.2)
FSCS levy refund	**–**	0.3
Amortisation of intangible assets – client relationships and brand	**(6.9)**	(7.6)
Total adjusted items	**(12.4)**	(9.0)
Statutory profit before tax	**62.6**	68.5

Funds

£'bn	30 September 2018	Inflows	Outflows	Internal transfers	Net flows	Growth rate	Acquired	Investment performance	**30 September 2019**	Change
Private clients	20.4	1.0	(0.6)	(0.2)	0.2	1.0%	0.3	0.5	**21.4**	4.9%
Charities & corporates	4.7	0.2	(0.1)	–	0.1	2.1%	–	0.1	**4.9**	4.3%
Direct discretionary	25.1	1.2	(0.7)	(0.2)	0.3	1.2%	0.3	0.6	**26.3**	4.8%
Intermediaries	9.5	0.9	(0.5)	–	0.4	4.2%	–	0.1	**10.0**	5.3%
MPS	3.0	0.7	–	–	0.7	23.3%	–	0.1	**3.8**	26.7%
Indirect discretionary	12.5	1.6	(0.5)	–	1.1	8.8%	–	0.2	**13.8**	10.4%
Total discretionary	37.6	2.8	(1.2)	(0.2)	1.4	3.7%	0.3	0.8	**40.1**	6.6%
Execution only	3.9	0.2	(0.5)	0.5	0.2	5.1%	–	(0.2)	**3.9**	–%
BPS	0.1	0.1	–	–	0.1	100.0%	–	–	**0.2**	100.0%
Advisory	1.2	–	(0.1)	(0.3)	(0.4)	(33.3)%	–	–	**0.8**	(33.3)%
Total funds	42.8	3.1	(1.8)	–	1.3	3.0%	0.3	0.6	**45.0**	5.1%

Indices	30 September 2018	**30 September 2019**	Change
MSCI WMA Private Investor Balanced Index	1,612	**1,665**	3.3%
FTSE 100	7,510	**7,408**	(1.4)%

Total funds grew by 5.1% to £45.0 billion as at 30 September 2019 (2018: £42.8 billion) driven by strong total net flows of £1.3 billion, investment performance of £0.6 billion and acquired funds of £0.3 billion as a result of the acquisition of the client relationships of Epoch in August 2019.

Total discretionary funds grew by 6.6% to £40.1 billion including acquired funds of £0.3 billion. Gross inflows were £2.8 billion (2018: £3.2 billion) with 43% now coming from direct business (2018: 34%). Gross outflows reduced to £1.2 billion (2018: £1.3 billion) and internal transfers were £(0.2) billion, a reduction from last year which saw significant internal transfers from the advisory service into discretionary services. Net fund inflows of £1.4 billion (2018: £2.3 billion) represents a growth rate of 3.7% (2018: 6.8%), a resilient result considering market conditions.

Total direct organic discretionary funds increased 3.6% to £26.0 billion, excluding acquired funds of £0.3 billion (2018: £25.1 billion). The growth in direct funds was driven by another year of strong organic gross inflows of £1.2 billion (2018: £1.1 billion). Gross outflows were lower at £0.7 billion (2018: £0.9 billion) reflecting strong client retention. Net new funds into this service (excluding transfers) of £0.5 billion (2018: £0.2 billion) represent a significant increase in the growth of the direct discretionary business. Acquired funds of £0.3 billion brings total direct discretionary funds to £26.3 billion in total, a growth of 4.8%.

Private client direct discretionary funds (excluding acquired) grew 3.4% to £21.1 billion (2018: £20.4 billion). Inflows from integrated wealth management services accounted for over 50% of total private client inflows with 21% of private clients' funds now in this service. Flows from *1762 from Brewin Dolphin* are starting to gain momentum.

Growth in direct discretionary charities and corporates of 4.3% remains in line with previous years.

Indirect funds grew 10.4% to £13.8 billion (2018: £12.5 billion). The intermediaries business saw lower gross inflows of £0.9 billion (2018: £1.5 billion) in line with subdued client activity seen across the industry. Outflows of £0.5 billion remain stable and in line with prior year. MPS had another outstanding year and grew by 26.7% to £3.8 billion and accounted for 63.6% of indirect net flows in the year.

Income

Total income increased by 3.1% to £339.1 million (2018: £329.0 million) and is analysed as follows:

	2019			2018			Change		
£m	Fees	Commission	Total	Fees	Commission	Total	Fees	Commission	Total
Private clients	136.6	58.6	195.2	133.5	55.6	189.1	2.3%	5.4%	3.2%
Charities & corporates	19.4	2.9	22.3	19.5	3.0	22.5	(0.5)%	(3.3)%	(0.9)%
Direct discretionary	156.0	61.5	217.5	153.0	58.6	211.6	2.0%	4.9%	2.8%
Intermediaries	66.6	1.1	67.7	63.1	1.1	64.2	5.5%	–%	5.5%
MPS	9.1	n/a	9.1	7.6	n/a	7.6	19.7%	n/a	19.7%
Indirect discretionary	75.7	1.1	76.8	70.7	1.1	71.8	7.1%	–%	7.0%
Total discretionary	231.7	62.6	294.3	223.7	59.7	283.4	3.6%	4.9%	3.8%
Financial planning	n/a	n/a	27.5	n/a	n/a	24.5	n/a	n/a	12.2%
Execution only	4.1	6.2	10.3	4.4	6.3	10.7	(6.8)%	(1.6)%	(3.7)%
BPS	1.2	n/a	1.2	1.1	n/a	1.1	9.1%	n/a	9.1%
Advisory	2.1	0.4	2.5	4.7	1.8	6.5	(55.3)%	(77.8)%	(61.5)%
Other Income	n/a	n/a	3.3	n/a	n/a	2.8	n/a	n/a	17.9%
Income	239.1	69.2	339.1	233.9	67.8	329.0	2.2%	2.1%	3.1%

Direct discretionary income grew by 2.8% to £217.5 million (2018: £211.6 million) driven by direct discretionary funds growth, excluding acquired funds, of 3.6% (2018: 7.3%) with much of the growth coming from direct private clients.

Income from our indirect discretionary business grew by 7.0% to £76.8 million (2018: £71.8 million) and remains resilient in light of the recognised industry slowdown in the intermediaries sector.

MPS income grew strongly to £9.1 million (2018: £7.6 million) with the business continuing to attract new inflows from a range of platforms. This now represents 11.8% of indirect discretionary income (2018: 10.6%).

Financial planning income increased by 12.2% to £27.5 million (2018: £24.5 million) reflecting the continued growth of our advice-led wealth management service, a key element of the Group's strategy for growth.

Advisory income fell, as expected, by £4.0 million to £2.5 million in line with the lower advisory funds.

Other income consists of interest income and fee income from Mathieson Consulting Limited, the newly acquired expert witness report writing business. The increase of £0.5 million to £3.3 million (2018: £2.8 million) is wholly attributable to this new business which is performing well with good demand for its service.

Total discretionary fee income grew by 3.6% to £231.7 million (2018: £223.7 million) driven by the growth in total organic discretionary funds of 5.9%. Total discretionary commission income increased by £2.9 million to £62.6 million (2018: £59.7 million) as a result of a small increase in activity.

Income margin[1]

Overall income margin at 71.8bps was slightly lower than 2018 (72.5bps).

	2019			2018		
(bps)	Fees	Commission	Total	Fees	Commission	Total
Private clients	67.0	28.8	95.8	67.8	28.2	96.0
Charities & corporates	40.9	6.1	47.0	42.2	6.5	48.7
Direct discretionary	62.1	24.5	86.6	62.9	24.1	87.0
Intermediaries	69.4	1.1	70.5	70.5	1.3	71.8
MPS	27.0	–	27.0	27.9	–	27.9
Total discretionary	60.8	16.4	77.2	62.1	16.6	78.7
BPS	68.6	–	68.6	70.3	–	70.3
Execution only	10.8	16.2	27.0	11.4	16.5	27.9
Advisory	23.8	4.3	28.1	29.2	10.9	40.1
Overall	55.7	16.1	71.8	56.2	16.3	72.5

1. The 2019 income margins are calculated as total income over the average funds at the end of each fee billing quarter for the year and the 2018 income margins were calculated as total income over the average funds at the end of each calendar quarter for the year.

The overall blended margin across all our discretionary services declined to 77.2bps (2018: 78.7bps), largely attributable to the changing mix of our business, our strategy of focusing on financial planning advice and tiering across our pricing bands as our business and client funds grow.

The margin for direct discretionary business reflects the changing business mix as the proportion of integrated service increases. This revenue mix is expected to continue to change over time as financial planning income together with *1762 from Brewin Dolphin* becomes a larger part of our business.

The blended margin for MPS has decreased to 27.0bps (2018: 27.9bps) due to the impact of tiering as the MPS funds grow.

Costs (excluding adjusted[1] items)

	2019 £'m	2018 £'m
Staff costs	**(126.7)**	(117.1)
Non-staff costs	**(80.8)**	(77.5)
Fixed costs	**(207.5)**	(194.6)
Variable staff costs	**(58.2)**	(57.7)
Total costs	**(265.7)**	(252.3)
Capital expenditure	**16.7**	8.3

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains/losses.

Total operating costs before adjusted items were 5.3% higher at £265.7 million (2018: £252.3 million) driven by investment spend into key growth and infrastructure initiatives.

These comprised £126.7 million of fixed staff costs (2018: £117.1 million) and £80.8 million of other operating costs (2018: £77.5 million). The increase in staff costs of £9.6 million reflects increased headcount in *1762 from Brewin Dolphin*, financial planning, the impact of acquisitions in the year and salary inflation. In addition, we have increased headcount to manage the delivery of our infrastructure projects; our new client management system and the replacement of our custody and settlement system.

The increase in non-staff costs reflects a full year of 8 Waterloo Place property costs, a higher FSCS levy of £3.1 million consistent with the increase experienced across the industry and higher infrastructure project costs.

Variable staff costs are 0.9% higher year on year and include profit share, share based payments related costs for prior years deferred profit share awards and long-term incentive plan awards.

The Group has incurred £16.7 million of capital expenditure in 2019, significantly higher than the £8.3 million in 2018. This is in line with the strategy to invest in growth initiatives, infrastructure and client facing systems. Included within capital expenditure are £4.0 million of costs for 8 Waterloo Place and the increased office network in the south of England. The replacement of our core custody and settlement system is on track and making good progress. We expect to invest a further £30.0 million in 2020 on this infrastructure upgrade. Two-thirds of this is expected be in the custody and settlement system, in addition to the £5.6 million in the current year, and is expected to be capitalised as a software intangible asset on the balance sheet. The remainder will be in both property and the client management system.

Adjusted items

Adjusted items for the year were higher at £12.4 million (2018: £9.0 million) and included one-off costs in relation to past service costs for the defined benefit pension scheme of £1.9 million and acquisition costs of £2.3 million for the acquisitions during the year.

Other adjusted items were in relation to incentivisation awards of £0.3 million and onerous contracts of £1.0 million following a reassessment of the likelihood of subletting the onerous space in Newcastle and the recognition of a new onerous lease.

Amortisation of client relationships reduced to £6.8 million (2018: £7.6 million) as previously acquired client relationships reached the end of their amortisation periods. With the new acquisitions in 2019 the amortisation charge will increase next year.

Acquisitions

During the year to 30 September 2019 we completed three acquisitions that further broaden and enhance our financial planning capabilities, diversify our routes to market and broaden our footprint in strategically attractive parts of the UK. These resulted in a total financial commitment of £24.6 million of which £12.7 million has been settled in the year and the balance is deferred and contingent on performance conditions.

Both the acquisition of Epoch and Aylwin are financial planning businesses and deepen our capabilities. The acquisition of Mathieson Consulting, an expert witness report writing business, broadens our professional services offering. Further details of the acquisitions are provided in note 26 to the Financial Statements.

On 31 October 2019, the Group completed the acquisition of Investec Capital & Investments (Ireland) Limited ('ICIIL'); the wealth management business of Investec Group in the Republic of Ireland. The net consideration after adjustments for surplus capital was €44.1 million. Assets under management and advice were €3.1 billion as at 30 September 2019.

The impact of all these acquisitions is expected to contribute approximately £7.0 million in profit before adjusted items and tax for 2020.

Defined benefit pension scheme (the 'Scheme')

The final salary pension scheme surplus has increased to £17.4 million (2018: £11.4 million). The actuarial gain for the year was £5.6 million (2018: £3.8 million). A past service cost of £1.9 million in relation to the equalisation of Guaranteed Minimum Pensions ('GMP') across males and females has been recognised in the Income Statement and excluded from adjusted measures, as it is a one-off item.

Under International Accounting Standard 19 ('IAS 19'), large annual fluctuations can occur. The increase in the surplus has been driven by contributions to the Scheme updated post-retirement mortality assumptions that incorporate the latest mortality projection models, and asset returns have been higher than expected over the year mainly as a result of hedging assets matching the Scheme's funding liabilities. These increases were partially offset by a significant increase in the value of liabilities reflecting the application of a lower discount rate as a result of the fall in corporate bond yields. The increases were also offset by the impact of the equalisation of GMP.

The Group has agreed to pay additional contributions of £1.25 million per annum until December 2020 into the Scheme (see note 17 to the Financial Statements for further detail).

IFRS 16 Leases

A new accounting standard for leases will be applicable to the Group next year. The standard relates to operating leases; all of the properties used by the Group are on operating leases. The standard will result in the recognition of a right of use asset and corresponding lease liability on the Group's balance sheet. Additionally, the standard changes the pattern of recognition of costs in relation to these assets; instead of expensing the rental cost on a straight line basis within operating expenses, there will be both depreciation and finance costs. The operating leases being more expensive in their earlier years reflecting the finance costs. See note 2c to the Financial Statements for the expected impact to the Balance Sheet. The impact of this change in accounting is expected to decrease profit before tax by approximately £1.0 million in 2020 based on the lease portfolio of the Group.

Dividend

The Group's dividend policy is set out in the Chairman's Statement, on page 4.

In determining the level of dividend in any year, the Board considers a number of factors such as: the level of distributable reserves; the future cash commitments and investments needed to sustain the long-term growth of the Group; the level of dividend cover; and anticipated regulatory capital requirements.

The Company is the parent company of the Group and is a non-trading investment holding company. It derives its distributable reserves from dividends received from its subsidiaries, of which Brewin Dolphin Limited is the principal operating subsidiary.

Before the Board proposes any interim or final dividend it satisfies itself that there will be sufficient distributable reserves in the Company at the respective payment dates.

The distributable reserves of the Company comprise £38.4 million of the merger reserve (see note 25 to the Financial Statements) and the majority of the balance of the profit and loss reserve.

The Group is well positioned to continue funding dividend payments in accordance with the Dividend policy. The ability to maintain future dividends will be influenced by a number of the principal risks identified on pages 31 to 32 that could adversely impact the performance of the Group.

The majority of the cash resources are held by the principal operating subsidiary Brewin Dolphin Limited. Further details of the Group's cash flow can be found below. Details of the Group's continuing viability and going concern are both on page 33.

Capital resources and regulatory capital

The Group's financial position remains very strong with net assets increasing to £337.7 million at 30 September 2019 (2018: £273.7 million). The increase in net assets is in part attributable to the cash raised in May 2019 following the share placing ahead of the acquisition of ICIIL which completed post 30 September 2019; the total cash raised was £58.4 million after costs.

At 30 September 2019, the Group had regulatory capital resources of £215.9 million (2018: £180.8 million), see note 27 to the Financial Statements. The Group's primary regulator is the Financial Conduct Authority ('FCA'). The FCA's rules determine the calculation of the Group's regulatory capital resources and regulatory capital requirements. As required under FCA rules, we perform an Internal Capital Adequacy Assessment Process ('ICAAP') which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold.

Following the completion of the acquisition of ICIIL, the regulatory capital resources of the Group on a proforma basis are £183.1 million.

The Group's Pillar III disclosures are published annually on our website and provide further details about regulatory capital resources and requirements.

Cash flow

The Group had a cash inflow for the period of £43.0 million (2018: £16.2 million) and total net cash balances of £229.2 million as at 30 September 2019 (2018: £186.2 million).

The Group raised capital of £58.4 million in the year through an equity placing of Brewin Dolphin Holdings PLC shares in May 2019.

Adjusted EBITDA (see table below) was £85.1 million (2018: £92.0 million). Capital expenditure of £15.3 million was significantly higher than last year (2018: £8.2 million), as a result of the infrastructure spend. The purchase of client relationships of £10.0 million (2018: £0.1 million) resulted from the acquisition of Epoch. The contribution to the defined benefit pension scheme of £2.0 million was £1.0 million lower year on year.

Cash outflow for own share 'matching' purchases in the year of £8.9 million to match the awards made in 2018 for the Deferred Profit Share Plan (DPSP) awards was lower than 2018 (£13.5 million) which included the purchase of shares to cover the Long-Term Incentive Plan (LTIP) awards granted in December 2014, 2015 and 2016 as well as the matching shares for the DPSP awards for 2017. All past awards are largely matched except for the December 2017 and 2018 LTIP awards. Shares were also purchased (£0.2 million) for the Share Incentive Plan.

Dividends paid in the period increased by 10.6% to £46.0 million (2018: £41.6 million).

	2019 £'m	2018 £'m
Profit before tax and adjusted items	**75.0**	77.5
Finance income and costs	**(1.6)**	(0.8)
Operating profit before adjusted items (EBIT)	**73.4**	76.7
Share-based payments	**7.8**	8.9
Depreciation and amortisation	**3.9**	6.4
Adjusted EBITDA	**85.1**	92.0
Capital expenditure	**(15.3)**	(8.2)
Purchase of client relationships	**(10.0)**	(0.1)
Acquisition of subsidiary	**(2.7)**	–
Acquisition costs	**(2.3)**	–
Proceeds from disposal / purchase of investments	**0.8**	(0.3)
Pension funding	**(2.0)**	(3.0)
Working capital	**(2.4)**	5.0
Interest and taxation	**(10.9)**	(11.6)
Adjusted items	**(0.9)**	(2.7)
Shares purchased and disposed of	**(8.9)**	(13.5)
Placing of shares	**58.4**	–
Shares issued for cash	**0.1**	0.2
Cash flow pre-dividends	**89.0**	57.8
Dividends paid	**(46.0)**	(41.6)
Cash flow	**43.0**	16.2
Opening firm's cash	**186.2**	170.0
Closing firm's cash	**229.2**	186.2

From engagement to growth

It is a key part of our long-term strategy for growth that we have an inclusive culture in which our employees are highly valued and engaged. This provides us with the foundations to meet individual client needs, which is a key motivator, clear differentiator and important source of advantage for us in the financial services market place.

It is important that we are recognised internally and externally for respecting our people, listening to them and enabling them to meet their personal and collective goals. Having such a reputation is a key aspect in attracting and retaining the best talent.

We pay attention to doing business in a way that is both ethically sound and reflects our corporate values: Genuine, Expert and Ambitious. We believe that achieving this makes 'doing the right thing' an automatic element of how we treat all our stakeholders and the communities in which we operate.

The continued authenticity of our culture and our ability to deliver against these values clearly depend on identifying and attracting the right people at every level of the organisation, and helping them develop their talents and enjoy a satisfying career over the long term. This is of significant benefit to us, not just financially and commercially, but also in terms of our reputation.

There are many facets to our employee retention strategies, starting with selection and induction processes in which our culture and values play a prominent role. We also take great care when making acquisitions, of which there were several during 2019, to ensure that our culture and values are aligned, both at a corporate level and throughout the organisation.

We are committed to giving our people opportunities to learn continuously throughout their careers with us, providing a wide range of development initiatives. These include a particular focus on leadership, to give us strength at all management levels and feed into our succession planning processes. We believe this approach is increasingly giving us a quality of leadership that further differentiates us from our competitors.

Our approach to Corporate Responsibility (CR) provides another key means of engaging our people, enabling them to contribute effectively to the communities where they live and work. Our community activities also provide an important opportunity for people outside the organisation to see our values in action – see page 41 for a full report on CR.

Initiatives like these have the added benefit of encouraging diverse and creative thinking, which in turn enables our people to combine innovation and doing the right thing. We believe that this will help drive Brewin Dolphin's growth in the years ahead. We continue to see engagement as a key objective for management at all levels.

Culture and values

Our values of Genuine, Expert and Ambitious mean in practice that:

- the way we act reflects the authenticity of our belief in always working in the best interests of our clients and other stakeholders;
- all our people are experts in their roles, from the financial planners and advisers who work directly with our clients to our support staff and leaders at every level of the organisation; and
- we push ourselves to develop and deliver effective and innovative ways of helping our clients gain the best possible outcomes.

We ran the second iteration of the Brewin Dolphin People Awards this year, in which our people nominate individual colleagues whose work best demonstrates our values in action or who have made particularly strong contributions to their communities. This was even more successful than the previous year, with significantly more nominations and a slight rise in the number of awards made.

For several years, our annual Employee Engagement survey has shown steady improvement in a number of key metrics as well as being ahead of the financial services industry benchmark. This year's score rose by a significant four percentage points (pp) from 83 to 87,10pp ahead of the industry benchmark.

This improvement was driven by a particularly strong performance in several areas, including pride and purpose, career opportunities and alignment with client interests. There was also a strongly positive response to the opportunity to do good at Brewin Dolphin and the ability for team members to be involved in community activities.

Learning and development

Recognising that the quality of our people is a powerful competitive advantage, we again made significant investments during 2019 in developing our people. In doing so, we aim to ensure we remain best in class.

The year's most important initiatives, designed to help us achieve our long-term growth ambitions, include:

- launch of the 'Grow' digital learning platform, aimed at developing management skills and supporting personal growth. Grow is designed to complement face-to-face learning, and in its first three months it provided access to some 15,000 resources;
- the Cranfield executive MBA course, part-funded by the Apprenticeship Levy, as we fully support its purpose to upskill UK industry;
- internal training course for middle management called Aspire Management;
- an Executive Leadership Programme, part of our wider succession planning processes (see below);
- delivery of the third iteration of our Financial Planning Academy during the year. In an important development, we shortened the time taken to graduate from 24 to 18 months. This enables us to 'unleash' successful talent more rapidly, benefiting the business, the candidates and our clients. This initiative is funded by the Apprenticeship Levy;
- providing our Regional Directors with the Advanced Management Training programme at Saïd Business School, Oxford University;
- continuing the 'Science of Clients' client skills training programme. Following the implementation of MiFID II, this focused on transparency around fees charged and value delivered, with the aim of enhancing trust and driving improved retention of clients; and
- members of our Brewin Portfolio Service team gaining qualifications from the Institute of Customer Service.

Diversity and inclusion

In the 2018 report, we said: "We believe that an inclusive culture in which employees are highly engaged enables everybody to thrive." Inclusivity starts at the very top of the organisation. We are members of the 30% Club, with its goal of achieving a minimum of 30% women on FTSE boards and senior teams. We committed to achieving 33% under the Women in Finance Charter and have already achieved this target for our Board and senior management team.

In 2019, Hampton Alexander, the independent review body that aims to increase the number of women on FTSE boards, ranked Brewin Dolphin 6th out of the companies in the FTSE 250 for the proportion of women on its Board, up from 27th in 2018.

We are proud members of the 30% Club Cross Company Mentoring Scheme, with a second year of mentors and mentees. This year, we also became a founder member of the WealthiHer Network, alongside companies like Credit Suisse, Barclays and J.P.Morgan, established to champion the diversity of women's wealth with the goal of providing female investors with an improved service.

With a view to enabling everybody in the Group to ensure their careers with us are always on the right track, we launched an online 'Careers Hub' in 2019 giving everyone access to high-quality careers resources. We also ran 15 inclusion workshops in addition to our established Women at Brewin events. These have now become part of our annual calendar as a means of enabling employees to discuss what matters to them as they progress in their careers.

This year we became members of 'myGwork', a network for LGBT+ professionals and allies. All our job vacancies are advertised through this network. This is one way we have refined our recruitment processes to ensure that we attract people from all backgrounds. Other examples include our apprenticeship programmes which enable us to reach out to new employees from a range of social backgrounds and the work our Diversity and Inclusion Committee has been doing to ensure we are a welcoming employer to people of all ethnicities. For example, our East Midlands team have partnered with De Montfort University on a 3-year programme to increase BAME recruitment and leadership.

We joined the Government's Disability Confident scheme in 2019, which helps companies draw from the widest possible pool of talent and makes it easy for employees, clients and other stakeholders to identify employers who are truly committed to equality in the workplace.

We have introduced new employee benefits to our more junior employees, with the aim of harmonising reward packages. This has aligned private health insurance and death in service benefits. We very much see this as a case of 'doing the right thing' for our people at every level of the organisation. Female and male employees are now entitled to the same pay when they take time off to care for their child in the first 12 months.

Employee wellbeing

We embedded a nationwide network of Wellbeing Champions who are professionally trained mental health first-aiders. They provide a first port of call for employees who are feeling stressed or anxious. They also deliver a variety of wellbeing activities across our offices.

Recognising that the majority of our employees are not specialist wealth advisers, we have also put in place a range of financial wellbeing advice and learning resources to help our people make the most of their money and avoid any financial distress.

These moves have helped contribute to an employee wellbeing score of 76% in our engagement survey, 7pp ahead of the benchmark for the financial services industry.

Succession planning

We continue to plan proactively for succession at Board and senior levels. This ensures we continually have in place the talent pipeline of tomorrow, made up of individuals who have been identified and developed to take on the most senior roles in the organisation.

This year, in addition, we have involved managers at more junior levels taking succession planning further down into the organisation, which is creating a deeper bench of talent and enables us to put in place development for our high potential employees.

Enabling responsible behaviour

Newcastle team
Painting and decorating for MS Research & Relief Fund

We have had another strong year in our corporate responsibility programme, with record levels of giving and involvement by staff right across the business.

One of the principles of our programme is to create close relationships between our people and the communities where we live and work, above and beyond the simple giving of money. Our business understands the value of people interacting with others, and that is a principle we have applied to the communities and charities we support. This means sharing our time and our expertise.

We do support fundraising as well, but it is a principle of our programme that we want Brewin Dolphin and its employees to be at the heart of our communities. We are an active contributor to society – helping to inspire futures and positively impact those around us.

Highlights of the year – individuals

Volunteering

Brewin Dolphin employees volunteered for a total of 6,105 hours during 2019, up by 925 from the previous year, with 841 people supporting 91 charities and causes. That is almost half of our employees, well ahead of our 2020 target. Some of the year's highlights included over 50 volunteers from our Newcastle office working with eight local charities throughout the complete '12 Days of Christmas' period, and our legal team in London visiting Bromley-by-Bow Centre where they reviewed CVs and provided interview advice.

Charitable giving

We divide our approach to charitable giving in three ways. The first is to encourage our people to give through the convenience of payroll giving; the second to support their own fundraising activities through fundraising matching; and the third to increase their engagement with local charities that matter to them personally through the gifting of small grants.

Payroll giving

This scheme gives all our employees the opportunity to contribute directly to charities from their pre-tax salaries. During 2019, we had an average of c.400 donors each month, up from c.300 in 2018. The total raised by employees during the year increased to £163,600. Brewin Dolphin raised its matching donations from £20 to £30 each month, increasing the total to £85,500. Having won Gold awards for three years in a row at the National Payroll Giving Excellence Awards, this time we won Platinum.

Fundraising matching

We recognise the great endeavours that our employees make to their charitable fundraising efforts, by adding to what they have raised. This year, employees raised £110,000 and the Group donated £39,700 in support of 75 charities, all of which reflected what people have chosen to do in their own time. Much of this is done individually; sometimes this is done by colleagues coming together in teams. One example was in Manchester where a team undertook a series of cycling challenges, raising £10,000 for The Mayor of Greater Manchester's Charity.

Small grants

We continued to donate to local charities that are important to our employees, with good causes receiving a collective total of £25,500 during 2019. Notable examples include Edinburgh's Tiphereth autism charity and Birmingham's Martineau Gardens, which provide a therapeutic environment for people with mental health or addiction issues.

Highlights of the year – local partnerships

In 2019 we gave our offices increased levels of autonomy and responsibility for local decision-making on CR matters, and this has led to significant improvements in all areas of our CR performance.

Offices are also encouraged to support and undertake local initiatives, helped by our national branch-based network of CR

East Midlands team
Litter picking as part of the office's 'Go Green for Halloween' initiative

'ambassadors' to build longer-term partnerships with local charities and to work towards fundraising goals. For example, our Cardiff office has been supporting the Dreams & Wishes charity, which helps seriously ill children, since 2011.

Highlights of the year – national partnerships

Alongside our local engagement, we continue to operate a number of national partnerships in England, Scotland and Ireland. These are focused on improving opportunities for young people, through education and skills development.

In England we continue to work closely with Skills Builder (formerly Enabling Enterprise), which equips students with the essential skills they need to succeed. Working with Career Ready we also provided mentors from our Cardiff and Ipswich offices to support local young people. In Scotland we work with the Winning Scotland Foundation, and in Ireland our partnership continues with An Cosán.

We also work closely with the Charities Aid Foundation and Business in the Community to help ensure we are supporting the right charities in the best and most effective ways.

Our evolving strategy next year will see us focus nationally on the School for Social Entrepreneurs. We will be working with individual social entrepreneurs in or close to the towns in which we operate, in order to further our local connection with those areas. We are helping people to help the community, further tightening the engagement of our staff. Where this is successful, we will want to continue working with these individuals in the future.

Understanding vulnerable clients

Towards the end of 2018, we established a Vulnerable Clients Committee to challenge ourselves to ensure that we consider the needs of vulnerable stakeholders on a consistent basis across the business. This aligns with this summer's FCA consultation on the fair treatment of vulnerable clients. We recognise that vulnerabilities can be broader and more transient than the definitions some firms have traditionally used; and that we should be aware of potential vulnerability as well as actual instances. The Committee is drawn from across the business and focuses our thinking in terms of how we recognise and identify vulnerability, the ongoing education and development of our people's understanding of vulnerability, and the creation of policies in response. In addition, we have established a Vulnerable Clients Forum, which provides advice to client relationship managers on how to manage specific cases of client vulnerability.

Our approach to stewardship

Our approach to stewardship is well established and aims to promote the long-term success of companies in such a way that the ultimate providers of capital (i.e. the shareholders, our clients) prosper. We engage with our investee companies through purposeful dialogue on these matters as well as on issues that are the immediate subject of the vote at general meetings.

Since 2014, we have had a Stewardship Committee which has the broader aim of ensuring that our clients' interests as holders of securities are protected and, where appropriate, ensuring proactive shareholder action is taken in the best interest of those clients. Our Stewardship Policy can be found on our website.

Tax strategy

Our tax strategy, as published on our website, outlines our governance arrangements, our approach to tax risk and tax planning, and how we interact with tax authorities. We manage tax risk within our Group-wide risk management and governance framework. Our appetite for tax risk is low and we do not participate in aggressive tax planning or condone abusive tax practices which would contravene our ethics and culture. We always aim to pay the right amount of tax in all the territories in which we operate and we believe in maintaining a transparent and professional working relationship with HM Revenue & Customs ('HMRC') and other tax authorities.

Ipswich team
Sorting foodbank donations for Fareshare

Ethical investments

We play a role in enabling clients to invest responsibly, by providing portfolios that take their investment preferences into account. During the year, we enhanced our technology so that clients can now deselect certain stocks in their portfolios and build personalised ethical investment portfolios.

Environmental, social and governance (ESG)

We have initiated a Group-wide review, sponsored by our Board and managed by our Executive Committee, of how the Group addresses and responds to ESG issues; both how we behave as a Group and what we do for our clients.

We actively engage with a number of third party agencies who produce independent ESG ratings. These agencies cover topics from responsible investment for our clients to providing a rewarding and supportive environment for our staff, protecting all our data to giving back to the community and our environmental impact. We are pleased to note that on 4 November 2019 the Group received an MSCI ESG Rating of AA.

Our ESG Reference Guide can be found on our Investor Relations website.

The environment

At Brewin Dolphin, our main environmental impacts are largely through UK-based travel and the consumption of resources and emissions at the buildings in our branch network. We do all we can to reduce any such impacts through sensible policies and initiatives including Green IT and recycling programmes. See page 85 for details of Greenhouse Gas Emissions.

In 2019, we recycled over 2,000 items of technology equipment, including desktop computers, monitors and items of network infrastructure. We also significantly reduced the amount of printing in our offices, by 44%.

Supplier initiatives

We are a largely UK-based provider of financial services, meaning we do not produce, manufacture or sell any physical goods. We also do not have a long or complex supply chain. Our main suppliers provide support services like information technology, market data and property services.

We consider our suppliers to be at a relatively low risk of engaging in practices of modern slavery or human trafficking. We nonetheless remain committed to preventing any such practices from occurring in our business or supply chain. You can find our Modern Slavery and Human Trafficking Statement on our website.

Non-Financial Information Statement

The following section summarises the key areas of disclosure in this Annual Report required by the Non-Financial Reporting Directive. All policies are reviewed periodically by the appropriate committee and updated where necessary to ensure they remain fit for purpose.

Business model, policies, principal risks and non-financial KPIs

The Group uses non-financial information in all aspects of its business, from development of its business model and strategy to reviewing and measuring the principal risks and the performance of the business.

Further detail in relation to the business model and details of principal risks start on pages 10 and 28, respectively. Key non-financial KPIs relate to client satisfaction and employee engagement; more information can be found on pages 20 and 21.

The Risk Committee and Audit Committee consider non-financial matters as a matter of routine; their reports can be found on pages 58 and 60 respectively.

Human rights, anti-corruption and anti-bribery related matters

Our exposure to human rights issues is limited, so we do not have specific policies for this. We take a zero tolerance stance on slavery and human trafficking within our workforce and supply chain and a rigorous vendor due diligence is completed on all suppliers. The Group's Modern Slavery and Human Trafficking Statement can be found on our website.

The Group operates anti-bribery policies and training programmes which are in full compliance with the UK Bribery Act and extend to all of our business operations. We are committed to conducting our operations free from anti-bribery and corruption. The Group has a Gifts and Hospitality Policy and associated processes to raise awareness of corruption. We have a Whistleblowing Policy which encourages employees to report matters of significant concern to the Chair of the Audit Committee.

Environmental, social and employee related matters

As set out in the Corporate Responsibility section, our impact on the environment is largely through UK-based travel and the consumption of resources and emissions at the buildings in our branch network. Further details of our policies and initiatives are set out above. The Group's Greenhouse Gas Emissions report can be found on page 85.

The Group does not have specific policies in relation to social matters. However, as detailed in this section, we strive to make meaningful contributions to the local communities in which we operate.

The Group values its people and their wellbeing. It is strongly committed to the engagement, development and recognition of its employees and is mindful of the impact of culture. Further details on HR policies and employee related outcomes can be found on pages 40 and 41.

Diversity policy and approach

The Board believes providing an inclusive and supportive environment allows the Group to benefit from the variety of experience, backgrounds and viewpoints that a diverse workforce can bring. For more detail of the Group's initiatives in relation to diversity, see page 40. The Group has a Diversity Policy and a Diversity and Inclusion Committee with four distinct objectives, further details can be found on page 54.

Governance

A leadership team creating sustainable shareholder value

Simon Miller

N R

Chairman

Appointed: Chairman March 2013, Chair of the Nomination Committee, Deputy Chairman and Senior Independent Director 2012. Joined the Board in 2005.

Key areas of experience: An Independent Non-Executive Director with a wide range of experience in the financial services sector, including wealth management and investment management.

Current external appointments: Chairman of Blackrock North American Income Trust PLC and Senior Independent Director of STV Group PLC.

Previous experience: Called to the Bar and subsequently worked for Lazard Brothers and County NatWest. Chairman of Dunedin Capital Partners.

David Nicol

Executive Director

Appointed: Chief Executive March 2013, Non-Executive Director March 2012.

Key areas of experience: Finance, strategy, financial services, operations and investment management.

Current external appointments: Chairman of the appointment committee of the Hermes Property Unit Trust and Trustee of the Urology Foundation.

Previous experience: Director and Chief Admin Officer of Morgan Stanley International PLC, Non-Executive Director of Euroclear plc, Board member of the Chartered Institute of Securities and Investments. Member of Council of ICAS. Qualified as a chartered accountant (ICAS) at EY.

Siobhan Boylan

Executive Director

Appointed: Chief Financial Officer March 2019.

Key areas of experience: Finance, investment management and financial services.

Previous experience: CFO at Legal & General Investment Management, CFO of Aviva North America and Aviva Investors. Qualified as an accountant (ICAEW) at PricewaterhouseCoopers.

Ian Dewar

A R RK N

Senior Independent Director

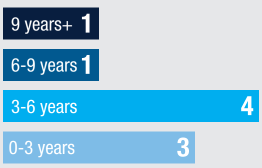
Appointed: November 2013, Chairman of Audit Committee March 2014. Appointed Senior Independent Director July 2019.

Key areas of experience: Finance, financial services, audit, risk management and not-for-profit.

Current external appointments: Non-Executive Director of Manchester Building Society and Non-Executive Director of Arbuthnot Banking Group PLC.

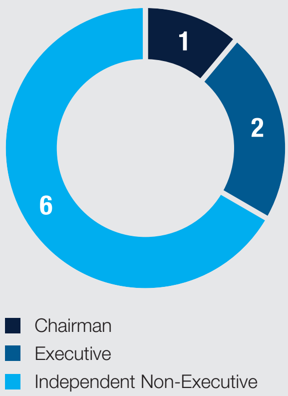
Previous experience: Partner of KPMG and Non-Executive Trustee of a charity. Qualified as a chartered accountant (ICAEW) at KPMG.

Length of tenure

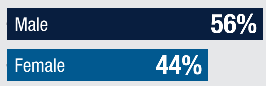


As at 30 September 2019

Balance of Executive and Non-Executive Directors



Board diversity



Committee membership

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- RK Risk Committee
- *Denotes Chairman of Committee

Kath Cates

A N RK*

Non-Executive Director

Appointed: December 2014, Chair of the Risk Committee September 2015. Senior Independent Director until July 2019.

Key areas of experience: Risk, international financial services, operations, corporate governance, investment management and insurance.

Current external appointments: Non-Executive Director and Chair of the remuneration committee for RSA Insurance Group plc, Non-Executive Director of Threadneedle Investment Services Limited and Non-Executive Director of Threadneedle Asset Management Holdings S.A.R.L and Threadneedle Pensions Limited.

Previous experience: COO in wholesale banking for Standard Chartered Bank and spent 22 years in various roles at UBS, including Global Head of Compliance.

Michael Kellard

A

Non-Executive Director

Appointed: December 2017.

Key areas of experience: Financial services, wealth management, pensions and life sector, sales and digital financial service platforms.

Current external appointments: Member of Scottish Future Growth Council. Director Brae Lea Financial Ltd.

Previous experience: CEO of AXA Wealth Management, CEO of Winterthur Life and CEO and Sales Director and Distribution Director for the Life and Pensions division of Norwich Union.

Simonetta Rigo

RK R

Non-Executive Director

Appointed: June 2018.

Key areas of experience: Financial services, marketing, product, digital branding, customer relationships and strategy.

Current external appointments: Interim Chief Customer Officer at Tesco Bank and Advisory Board Membership at Surrey Business School.

Previous experience: SVP Global Brand, Marketing and Customer Engagement at Western Union and board member at Western Union Foundation, senior positions at Bupa International, American Express and McKinsey and holds an MBA from INSEAD.

Caroline Taylor

A N R*

Non-Executive Director

Appointed: May 2014, Chair of Remuneration Committee October 2018.

Key areas of experience: Remuneration, financial services, investment management, operations and compliance.

Current external appointments: Non-Executive Director of Ecclesiastical Insurance Office PLC, Ecclesiastical Insurance Group PLC and Floors Castle Outdoor Events Limited.

Previous experience: Director of Goldman Sachs Asset Management International and Director of GS Luxembourg and Dublin Mutual Funds.

Paul Wilson

RK

Non-Executive Director

Resigned: 9 October 2019.

Appointed: December 2013.

Key areas of experience: Financial services, insurance, and international development NGOs.

Current external appointments: CEO of the World Platinum Investment Council, Senior Independent Director of AXA XL UK Insurance Companies, Director of Unigestion Group (Geneva), Chair of Unigestion (UK) Limited and Chairman of Action Against Hunger (UK).

Previous experience: Senior partner at Bain & Company and holds an MBA from Harvard Business School.

Corporate governance – the foundations for a sustainable business

Simon Miller
Chairman

Chairman's overview

The Board remains committed to ensuring that it provides effective leadership within the framework of our governance structure and core values. It understands that good governance underpins Brewin Dolphin's ability to deliver sustainable future growth and therefore creates long-term value for our stakeholders. Further information on stakeholders can be found on pages 10 and 55.

We firmly believe that the culture and conduct of the Group and our employees is as important as the service that we provide to clients. The Board remains committed to the promotion of our core values of Genuine, Expert and Ambitious. These are continually reinforced through both leadership within the business and our communications. As part of the annual performance process, all employees are assessed using these values. Our culture guides the way we operate and ensures that we have a sustainable model for the future. During the year we ran the Brewin Dolphin People Awards which recognise employees who best represent our culture and values. For further information see 'Our People' section on page 40.

In 2019, we ran the fifth Employee Engagement Survey which helps us to understand the views of our employees as enhanced employee engagement leads to enhanced business performance. This year our score increased again.

The Board has continued to benefit from the diverse wealth of experience brought by our Non-Executive Directors. New appointments enhance the debate around the Board table and we will continue to review the composition of the Board in the coming year. Paul Wilson left the Board in October 2019 and we are currently searching for a new Non-Executive Director as part of our broader succession planning.

Our stakeholders are important to us and we remain committed to open dialogue and effective communication as it builds an understanding of views and opinions. We welcome the provision in the 2018 UK Corporate Governance Code to ensure the Board effectively engages with the workforce. Caroline Taylor was appointed during the year as the Non-Executive Director responsible for employee engagement and she will report her findings to the Board.

Q&A with our Chairman, Simon Miller

Q **What value does the Board place on the Board Evaluation process?**

A The Board values the opportunity to reflect on its performance aided by an independent review which provides an objective input to Board discussion and enables clear action plans to be developed.

During the year, we ran a Board and committee effectiveness review with Lintstock in order to ensure that we are performing effectively and acting on the findings of previous reviews. The outcome of the review can be found on page 53.

We have continued our practice of holding Board meetings outside London at least twice a year. This year we met in Newcastle and Cardiff. Both visits gave the Board the opportunity to gain insight into the regions' performance and challenges and at the same time gave employees at these offices the opportunity to meet members of the Board and provide feedback.

The Group is considering ESG from a business, employer and responsible investor perspective. Internal governance structures are being reviewed to take account of ESG. Please see pages 41-43 on how we interact with our wider communities.

I encourage shareholders to attend our AGM on 7 February 2020. It provides an opportunity to discuss any issues they may wish to raise.

As a Group we continue to look for opportunities to improve our governance structure and pay attention to the developing interests of our stakeholders and this will remain the focus for the year ahead.

Simon Miller
Chairman

26 November 2019

UK Corporate Governance Code Compliance statement

We have complied with all principles and provisions of the 2016 UK Corporate Governance Code ('the Code') throughout the financial year ended 30 September 2019. The Corporate Governance Statement and the cross-referenced reports within it set out the Board's approach to applying the Code. The 2018 UK Corporate Governance Code ('the 2018 Code') is first applicable for our financial year ending 30 September 2020. The Board has considered the principles and provisions of the new code, principally:

- the consideration of the interests of all stakeholders in accordance with section 172 of the Companies Act 2006 including workforce engagement;
- creating a culture which aligns company values with strategy;
- the diversity of the Board and succession planning; and
- executive remuneration.

We have evaluated current policies and procedures and will make changes where required in order to comply with the new principles and provisions and will provide an update in the next Annual Report and Accounts. Under the 2018 Code, which applies to Brewin Dolphin for the year ending 30 September 2020, there is a maximum tenure of nine years for chairmen from the date of joining the Board, although it allows for the period to be extended for a limited time. Our Chairman joined the Board in 2005 and became Chairman in 2013. As a result, this is a key consideration in the context of the Board's overall succession planning.

Decision making process

Acquisition of Investec Capital & Investments Ireland Limited ('ICIIL')

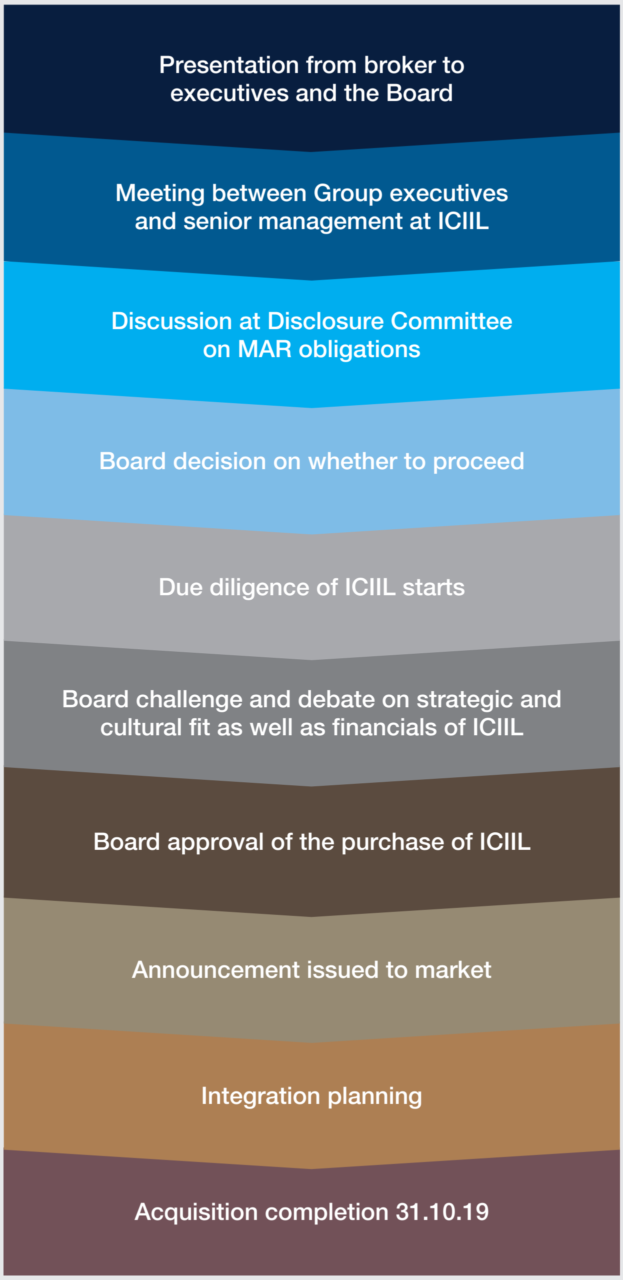
During the year, we announced the acquisition of ICIIL. In deciding to proceed with the acquisition, the Board considered the Group's strategic aims and whether ICIIL would be a good strategic fit. The financial business case, the Group's risk appetite and culture were among the most important factors in deciding whether to make the acquisition.

The acquisition was conducted via a competitive tender process. There were distinct stages and clear progress points for the Board to be updated by the executive team. At these points, the Board reassessed and reconfirmed its appetite to continue with the acquisition. The executive team engaged advisers for tax, accounting, legal and corporate finance, all of whom provided input to the Board discussions.

After challenging and seeking assurance from the Executive Directors, the Board agreed to acquire ICIIL as it believed that it was in the best interests of the Group.

The time between announcement and completion was used to develop the integration plans and finalise how the newly acquired business would operate when integrated into the Group. This included updating procedures and processes. The Group, where appropriate, considers all acquisitions as an opportunity to learn more efficient ways to perform certain procedures. This allows our business model to adapt and support a sustainable as well as competitive business in an ever-changing market.

The acquisition completed on 31 October 2019.



Governance framework – leading from the top

Board

The Board has principal responsibility for promoting the long-term strategy and success of the Group and provides strategic leadership. It sets the Group's values and standards which underpins our culture.

The Board delegates certain responsibilities to the formal Board Committees below, whilst maintaining an appropriate level of oversight through regular reports from Committee Chairs.

The Matters Reserved for the Board and the Terms of Reference for the Board Committees can be found on the Investor Relations section of the website media.brewin.co.uk/investor-relations.

Delegated Committees

Audit Committee

The Committee helps the Board meet its responsibilities for the integrity of the Group's financial reporting, including the effectiveness of its internal financial control system, and for monitoring the effectiveness and objectivity of the internal and external auditors.

Nomination Committee

The Committee ensures that the Board retains an appropriate balance of skills to support the strategic objectives of the Group and that there are appropriate procedures in place for the nomination, selection, training and evaluation of Board members. It also ensures that there is an effective framework for succession planning.

Risk Committee

The Committee provides oversight of the Risk Management Framework of the Group and assists the Board with its responsibilities for ensuring the integrity of the Group's internal control and risk management systems.

Remuneration Committee

The Committee exercises independent judgement on remuneration policies and practices, and the incentives created to manage risk, capital and liquidity. It also oversees personal objectives, performance appraisal and individual compensation packages for the Chairman and Executive Directors.

Executive Committee

The purpose of the Executive Committee is to support the Chief Executive in the implementation and formation of strategy, as well as overseeing the day-to-day running of the Group. It agrees operational decisions that are not otherwise reserved for the Board. The Committee consists of the Chief Executive, Chief Financial Officer and members of senior management from different areas of the business. The Committee meets monthly.

Disclosure Committee

The Disclosure Committee focuses on discharging the Company's duties in accordance with the EU Market Abuse Regulation. It comprises the Chief Executive, Chief Financial Officer, either the Company Secretary or Head of Legal (as alternate), plus either the Chief Risk Officer or the Head of Compliance (as alternate).

A clear division of responsibilities

The Board has a majority of Independent Non-Executive Directors. Further information on the Directors' range of skills and expertise can be found on pages 46 to 47.

Chairman

Provides leadership to the Board, promoting constructive debate and challenge between the Executive and Non-Executive Directors.

Ensures that there is a good information flow to the Board, and from the Board to its key stakeholders.

Supports and advises the Chief Executive, particularly on the development of strategy.

Builds an effective and complementary Board, regularly considering its composition and balance, diversity and succession planning.

Chief Executive

Provides leadership to the Group.

Develops strategy proposals for recommendation to the Board and is accountable for business performance.

Maintains a dialogue with the Chairman on all important matters and strategic issues facing the Group.

Ensures that there is an effective framework of internal controls, including risk management, covering all business activities.

Ensures that the Board is fully informed of all key matters.

Chief Financial Officer

Supports the Chief Executive in developing and implementing strategy.

Oversees the financial delivery and performance of the Group and provides insightful financial analysis that informs key decision making.

Leads investor relations activities and communication with investors alongside the Chief Executive.

Works with the Chief Executive to develop budgets and medium-term plans to support the agreed strategy.

Senior Independent Director

Acts as a sounding board for the Chairman and serves, when required, as an intermediary for the other Directors.

Meets with the Non-Executive Directors (without the Chairman present) at least once a year.

Leads the Board in the ongoing monitoring and annual evaluation of the Chairman's performance.

Available to meet with major shareholders and act as a point of contact for shareholders and other stakeholders.

Independent Non-Executive Directors

Constructively challenges management and decisions taken at Board level.

Oversees the performance of management in meeting agreed goals.

Supports the Chairman and Executive Directors in instilling appropriate culture, values and behaviours in the boardroom and across the Group.

Challenges the adequacy and quality of information received prior to Board meetings.

Meetings

Board and committee attendance record for the year[1]

Executive Directors	Independent	Board	Audit	Risk	Remuneration	Nomination
David Nicol	N	8/8	n/a	n/a	n/a	n/a
Siobhan Boylan[2]	N	4/4	n/a	n/a	n/a	n/a
Non-Executive Directors						
Simon Miller	N	8/8	n/a	n/a	5/6	3/3
Ian Dewar	Y	8/8	7/7	5/5	6/6	n/a
Kath Cates	Y	8/8	7/7	5/5	n/a	3/3
Mike Kellard	Y	8/8	6/7	n/a	n/a	n/a
Simonetta Rigo	Y	8/8	n/a	5/5	1/1	n/a
Caroline Taylor	Y	8/8	7/7	n/a	6/6	3/3
Paul Wilson[3]	Y	8/8	n/a	5/5	n/a	3/3

1. The table shows attendance at scheduled meetings only; the Board and Committees also meet on an ad hoc basis when required.
2. Siobhan Boylan was appointed to the Board on 4 March 2019 and attended all Board meetings held from that date.
3. Paul Wilson resigned from the Board on 9 October 2019 and attended all Board meetings to that date.

Effectiveness

For the Directors to discharge their responsibilities as set out in the Matters Reserved for the Board, the Board meets at least eight times a year. A full list of Matters Reserved for the Board can be found on our website. In addition, the Board attends a strategy day with executive management to discuss in depth the Group's direction. Details of the Board and committee attendance at scheduled meetings can be found above. The Board and committees also meet on an ad hoc basis when required.

How the Board spent its time

Key considerations	Key activities	In practice[1]
Strategy	• Strategy day – considered the Group's strategic aims • Assessed performance of Group against previously agreed strategic objectives and agreed risk tolerances	**Board Strategy Day (Objective 2)** The Board received presentations on technology initiatives that were currently in place or being considered by the Executive Committee. The Board analysed and challenged the strategic fit of the initiatives as well as the opportunities provided by the technology to widen the existing client base. The Board agreed that initiatives such as WealthPilot and the MyBrewin app should continue to receive further investment. It also agreed to the implementation of a new core custody and settlement system and client management system.
Finance	• Received reports from the CFO including the medium-term plan • Reviewed and considered the proposal to raise capital • Cancellation of the share premium account	**Placing of shares to fund ICIIL acquisition (Objective 4)** The Board evaluated the options for raising capital to fund the acquisition of ICIIL and ways to maintain a strong regulatory capital level for the Group. It concluded that a placing of shares was the preferred option to ensure a strong regulatory capital base was maintained.
Risk and compliance	• Received reports from the Chief Risk Officer ('CRO') • Considered cyber security for the Group • Received reports from Head of CASS • Risk training	**Reports from CRO (Objective 1)** The CRO attended each Board meeting to review the Key Risk Indicators that relate to the Risk Appetite Statements. The report includes a summary of the key risks crystalising during the period and any proposed amendments to regulatory capital.
People and culture	• Received updates from the Group HR Director • Assessed succession planning • Approved the appointment of the CFO • Considered the results of the employee engagement survey • Approved the relocation of the head office from Smithfield Street	**Employee Engagement Survey (Objective 3)** The Group HR Director presented the results of the annual engagement survey which showed high engagement across the Group. The Board drilled down into the results and received assurance from the employee feedback that investments made to develop employees personally and professionally were valued. Based on the feedback, the Group will continue to invest in training, development and diversity initiatives.
Governance	• UK Corporate Governance Code 2018 review • Consideration, challenge and approval of acquisitions • Stakeholder engagement • Reviewed committee composition • Evaluated Board and committee performance • Oversight of change agenda including the new core custody and settlement system	**SMCR Training (Objective 3)** The Board received training sessions from external legal firms that included senior manager responsibilities, overview of the conduct rules, reasonable steps in practice and the Training and Competence policy. This was to ensure the Board is prepared for the introduction of SMCR.

Focus for 2020

Strategy	• Implementing new technology • Embedding acquisitions • Considering further growth opportunities
Governance	• Environment, Social and Governance • Succession • UK Corporate Governance Code 2018 reporting • Changes to regulations

1. Please refer to objectives as set out on pages 18 and 19.

Board evaluation

The Board and its committees undertake an annual evaluation of their performance. The process provides an opportunity to appraise effectiveness and to identify areas of development, as well as follow up on actions raised by the previous review.

The Board engaged the services of Lintstock to assist with the annual 2019 review of Board performance, following up on the interview-driven evaluation conducted in 2018. Lintstock is a corporate governance advisory firm specialising in board reviews, and has no other relationship with Brewin Dolphin.

The first stage of the review involved Lintstock engaging with the Chairman and Company Secretary to set the context for the evaluation and to tailor the survey content to the specific circumstances of the Group. All Board members and regular meeting attendees were then invited to complete an online survey to assess the performance of the Board and its committees.

The exercise was weighted to ensure that core areas of Board and committee performance were addressed, as well as having a particular focus on the following areas:

- the level of ambition expressed in the Group's strategic plan, the effectiveness with which the Board supports, challenges and develops strategy, and views on the key strategic priorities facing the business;
- the understanding of technological opportunities and threats amongst Board members, as well as the technological capabilities within the business itself;
- the composition of the Board, with a particular focus on the diversity of backgrounds amongst current members, the adequacy of succession plans for key roles at senior levels, and the changes that should be made to the composition of the Board over the next 3-5 years;
- the clarity of the Group's priorities in the area of ESG in line with views of key stakeholders, and the effectiveness with which the Board oversees performance in this area; and
- the effectiveness of risk discussions at Board meetings, and the delegation of risk oversight between the Board, its committees and management committees.

Lintstock produced reports considering the performance of the Board, committees and the Chairman. The findings were discussed with the Chairman and the committee reports circulated to the committee chairs. A Lintstock Partner facilitated the resulting discussion at the Board meeting held in September 2019.

As a result of the review, the most significant findings were presented to the Board. These included sequencing of succession plans for key roles, the allocation of time to business and strategy topics at the Board meetings, and the mechanisms by which the Directors oversee change management and engage with the business outside of meetings.

The progress made on these actions will be included in next year's report.

2019 performance evaluation outcomes	Actions taken	Actions for 2020
Technology oversight Ensure consistent oversight of technology implementation improvements via enhanced reporting and governance.	• Enhancements were made to management information and reporting. • Improvements in technology oversight demonstrated through the establishment of a Business Change Committee to enhance oversight of the Change programme. Sought external independent assurance specifically of the new core custody and settlement system.	**Oversight of change management by the Board** Ensure continued consistent oversight of technological implementation through enhanced reporting and governance.
Strategic oversight Strengthen mechanisms to evaluate strategic outcomes.	• Improvements made to strategic oversight by enhanced engagement with the business and improved tracking of initiatives by management. • A presentation was given on various strategic initiatives at the Board Strategy Day in June 2019.	**Allocation of time to business and strategic topics at the Board meetings** Review format and content of Board and committee papers and agendas to enhance information flow, effective debate, decision making and ensure focus on strategic development.
Board skillset and composition Promote the continued development of skills amongst Board members that match strategic goals with ongoing review.	• Changes made to composition of committees and roles within the Board to align and develop existing skillsets and to ensure there are robust succession plans in place for the future. • Training provided to Board members on cyber security, the ICAAP and CASS.	**Sequencing of succession** Continued evaluation of tenure and succession for Board and key management positions.
Business engagement Enhance engagement with senior management and regional offices.	• Greatly enhanced engagement through more regional office visits by Board members. Board meetings were held outside London twice a year to further improve engagement and develop the relationships.	**Engagement with the business outside meetings** Provide the Board with greater exposure to key business managers.

Director induction

The induction programme for the Chief Financial Officer, included presentations and discussions on the following areas of the Group. In addition, she had one-to-one meetings with fellow Board members, members of the Executive Committee and other senior management.

Board and governance

- Board procedures
- Governance framework
- Evaluation process
- Director training programme

Business introduction

- Structure
- Strategy
- Market environment

Finance

- Budget and forecast
- Management accounts
- Internal audit function
- Analyst/Investor overview

Risk and regulation

- Regulatory landscape
- ICAAP
- Operational risk framework

Other

- Legal updates
- Culture
- People
- Information technology and cyber security issues
- External auditors

Time commitment

The expectation of the Non-Executive Directors' time commitment is set out in their letters of appointment. Copies are available for inspection at the Company's Registered Office and will also be available at the AGM. Their attendance, along with Executive Directors, at meetings during the year is set out in the table on page 51.

Directors' conflicts of interest

The Board has a policy in place for managing and, where appropriate, approving conflicts or potential conflicts of interest. All Directors are provided with an opportunity to disclose any changes in conflicts at the start of every meeting.

Independence of Directors

All Non-Executive Directors are independent in character and judgement. They do not hold any positions that conflict with their responsibilities with the Group.

Information flow

As part of the annual cycle, all Board committees forward-plan their agendas for the year to ensure that important issues are addressed. The chairman of each committee works closely with Company Secretariat and other relevant members of senior management to agree areas of discussion or approval.

Director evaluation

During the year, the Chairman evaluated the performance of all Directors in one-to-one meetings and the Senior Independent Director evaluated the performance of the Chairman. It was confirmed that each Director continued to deliver the required commitment to his or her role and made an effective and valuable contribution to the Group.

Accountability

An overview of the Group's Principal Risks and Uncertainties and a description of the risk management framework can be found on pages 28 to 32 in the Strategic Report.

A description of how the Board has discharged its responsibilities in relation to internal controls and risk management is set out on page 84 of the Directors' Report.

Diversity

The Nomination Committee considers the succession planning for the Board as well as receiving the executive succession plan for review and challenge. As part of this process, diversity is considered in respect of race, gender, ability, background and thought as well as the required skillset and experience to ensure that the most suitable appointment is made. We are aware of the recommendation of the Parker Review to increase ethnic diversity on UK Boards and participated in the survey issued by the Department of Business Energy and Industrial Strategy. Ethnic diversity is considered as part of recruitment and succession, however, we currently have no members of the Board who fulfill the ethnic diversity criteria as stipulated in the review.

The Hampton Alexander Review is committed to achieving a 33% target for women on boards and in leadership teams of FTSE 350 companies by 2020. In the FTSE 250 the average number of women on Boards in 2019 is 29.6%. The average number on Executive Committees and their direct reports is 27.9%. We are pleased to confirm that we ranked 6th in the FTSE 250 for our representation of women in senior leadership roles, our Board currently is at 50% and our Executive Committee and direct reports at 34.6%.

The Group's Diversity Policy is implemented through the Diversity and Inclusion Committee which meets quarterly. Its four distinct objectives are to:

- encourage all employees to promote workplace diversity and inclusion; recognise value and respect differences.
- create a working environment that supports the effective contribution of everyone.
- ensure our people policies and processes are aligned to and drive diversity and inclusion goals and values in support of business strategy.
- improve diversity in the talent pipeline and at senior levels.

Details of diversity activities for the period can be found in the 'Our People' report on page 40.

Stakeholder engagement

We recognise the need to consider stakeholders when formulating the Group's strategy and acknowledge that this is wider than just shareholders. We have concluded that the following four stakeholder groups are key to us.

Our stakeholders	Why we listen?	How we hear them?
Clients Our clients' financial wellbeing is at the heart of our business. We know that a close relationship between our employees and clients is key to ensuring that their financial needs are met.	• To ensure that the business is operating with a 'client first' attitude • To assess our Group performance • To respond to our clients' needs • To identify change required and deliver improvements • To deliver a quality service • To maintain our reputation for high standards	• Client engagement reports. • Weekly updates of news articles about the Group. • Results of the annual client survey. • Updates from the Director of Marketing & Communications.
Employees Our strength is in the service provided by our people. We have a strong commitment to developing our people.	• To maintain an engaged and motivated workforce • To be a 'favoured employer' in the wealth management sector • To have a culture which is Genuine, Expert and Ambitious throughout the Group • To improve internal processes and procedures based on feedback to improve efficiency and robustness	• Updates from the designated Non-Executive Director Employee Representative, Caroline Taylor. • Reports from the Group HR Director. • Results from the Employee Engagement Survey. • Holding events like 'Women@Brewin'. See page 39 for more detail
Shareholders As a FTSE 250 listed Company it is important to provide our shareholders with open and transparent information.	• To maintain a loyal shareholder base • To enhance long term shareholder value • To maintain our credibility • To allow our shareholders to make informed decisions	• The Chairman and Chief Executive and Chair of the Remuneration Committee engaged with the Group's major shareholders. • Consultations with shareholders about significant changes, such as changes to Executive Directors' remuneration. • The Chairman communicates shareholder feedback to the Board. • Regular broker reports detailing shareholder feedback. • At the Company's AGM where shareholders are given the opportunity to meet and ask Directors questions.
Regulators Operating a business in the Financial Services sector requires open engagement with our regulators.	• To ensure that the Group is well positioned to pre-empt, respond and adapt to changes in legislation and regulation • To ensure our operating model is robust • To help shape services for the long-term benefit of clients	• Regulatory updates provided by the CRO. • Governance updates provided by the Company Secretary. • Presentations from external advisers on changes in legislation and how the Group can best prepare. • Reports from the business where views have been shared with trade bodies, agencies and supervisory bodies. • Chairman and the Chief Executive met with the FCA during the year.

Delivering strategy

The purpose of the Executive Committee is to support the Chief Executive in the implementation and formation of strategy as well as overseeing the day to day running of the Group. It has formal Terms of Reference which are reviewed by the Board annually.

Committee meetings

The Committee meets on a monthly basis and meetings are minuted by the Group Company Secretary. The internal auditor is a standing attendee. Non-committee members are regularly invited to attend and report on particular areas of the business which are pertinent to the Group's strategy.

Key areas of focus for 2019

Strategy	• Inorganic and organic growth opportunities • *1762 from Brewin Dolphin* • WealthPilot
Marketing	• Feedback on client service levels
Operational	• Change management • New premises
Risk & Compliance	• FCA interaction • CASS • Key risks • Risk appetite • SMCR
Finance	• Business performance • Budgeting
Employees	• Engagement survey results • Learning and development initiatives • Succession planning

Priorities for 2020

- Performance against strategy
- Implementation of new custody and settlement system and new CMS
- Integration of ICIIL
- The Group's position on ESG

Executive Committee Members

David Nicol, Chairman

Executive Director

See page 46

Siobhan Boylan

Executive Director

See page 46

Susan Beckett

Chief Risk Officer

Appointed: Joined the Group and Committee in September 2014.
Previous experience: Kleinwort Benson and Blackrock. 30 plus years' Financial Services experience.

Robin Beer

Managing Director of Investment Solutions and Distribution

Appointed: Joined the Group in 2008 and the Committee in February 2016.
Previous experience: Barclays Wealth and National Bank of Australia. 20 plus years' Financial Services experience.

Richard Buxton

Group HR Director

Appointed: Joined the Group and Committee in February 2015.
Previous experience: Lloyds Banking Group and Bank of America. 20 plus years' Financial Services experience.

Charlie Ferry

Managing Director of Private Clients

Appointed: Joined the Group in 2008 and the Committee in February 2016.
Previous experience: Barclays Wealth and Gerrard. 20 plus years' Financial Services experience.

Nick Fitzgerald

Managing Director of Financial Planning

Appointed: Joined the Group in 2008 and the Committee in February 2016.
Previous experience: Barclays Wealth and Gerrard. 20 plus years' Financial Services experience.

Grant Parkinson

Chief Operating Officer

Appointed: Joined the Group and Committee in September 2017.
Previous experience: Coutts & Co, Barclays Wealth. 25 plus years' Financial Services experience.

Expanding the Board skillset

Simon Miller
Chairman

Chairman's overview

The Committee reviews the effectiveness and composition of the Board in light of the skills required and considers specifically succession plans for the roles of the Chairman, the Executive Directors and the committee chairs. During the year various changes have taken place.

As reported last year, Andrew Westenberger stepped down from the Board in May 2018. Odgers Berndston, a market leader in executive searches, which has no connection to the Group, was appointed to lead the search for a replacement CFO. Siobhan Boylan was shortlisted for the role. After a thorough process that included specially convened meetings of the Nomination Committee, an external assessment and the identification of development needs, the Committee recommended her appointment to the Board.

Paul Wilson resigned in October 2019 after nearly six years on the Board. Recognising the importance of developing a Board with the appropriate balance of skills, knowledge and experience, the Board has engaged Ridgeway Partners to search for a new Non-Executive Director. The Board recognises the importance of all areas of diversity, which includes: gender; ethnicity; skillset; background; and thought. It will continue to make appointments based on ability to perform the role and at the same time giving consideration to all areas of diversity.

Following a review of the committee composition during the year, Ian Dewar replaced Kath Cates as Senior Independent Director in July 2019. Simonetta Rigo was appointed to the Remuneration Committee, Ian Dewar to the Nomination Committee and Caroline Taylor, Chairman of the Remuneration Committee, stepped down from the Audit Committee.

The Committee will continue to evaluate and ensure that the Board and its committees have the appropriate balance of experience and skill to perform their roles. As part of Board succession planning, consideration is being given to the requirements of the 2018 Code (see page 49 for further details) and, in particular, the tenure of the Chairman.

The Committee conducted an externally facilitated review of its performance via Lintstock. The review concluded that it was operating well but there were areas for improvement such as periodic review of succession plans to ensure the correct skillsets were in place for the Board and its committees.

During the year, the Committee met with the Group HR Director to review and discuss succession and skillset of senior management and the Executive Directors. The Committee was updated on the senior management talent pool and leadership development programmes available as well as the barriers that limit succession. This includes the Executive Leadership Programme, open to a selected group of employees across various business streams. The Committee agreed to further focus on enhancing employees' breadth of experience through training and development and improving the frequency and quality of conversations about succession. It would also review succession of more junior roles in the organisation going forward.

Simon Miller
Chairman of the Nomination Committee

26 November 2019

Q&A with our Chairman of the Nomination Committee

Q **How does the Nomination Committee consider diversity in its recruitment processes?**

A Whilst it is not the sole consideration for new appointments, it plays an important role in ensuring our Board and its committees are diversified in their thinking.

Committee composition

The Committee during the year comprised Simon Miller, Caroline Taylor, Paul Wilson (resigned 9 October 2019), Kath Cates, and Ian Dewar was appointed on 26 July 2019.

The Chief Executive and Group Human Resources Director are standing attendees at Committee meetings; the Chief Executive and the Chairman exclude themselves from discussions relating to their own appointments. Further details of membership and attendance can be found on pages 46 and 51.

The responsibilities of the Committee are defined in the Committee's Terms of Reference, a copy of which can be found at brewinmedia.co.uk/investor-relations.

Overseeing the Risk Management Framework

Kath Cates
Chairman of the Risk Committee

Chairman's overview

2019 has been another year of significant change with some key regulatory change projects culminating this year notably in MiFID II costs and charges letters and preparation for SMCR. The Group has also an extensive change programme and the Committee provided oversight and challenge over the programme as a whole in addition to focusing on particular key initiatives. Areas of focus included adequacy of resourcing, IT and operational resilience. The Committee has continued to focus its oversight on the key risks facing the Group, including horizon scanning for emerging risks, that might threaten the Group's strategy or operations. The Committee's responsibility is to annually review and recommend the Group's key risks and recommend risk appetite to the Board for approval.

An area of great focus during the year has been the oversight of the change management agenda which includes the replacement of the Group's core custody and settlement system. Avaloq was engaged to deliver our new settlement and custody system during the year. The Committee has provided oversight of this significant change programme including meeting with the independent consulting firm to review their project quality assurance report.

We analysed the risk of insufficient skilled resources to support the implementation and execution of the change management agenda. We also incorporated the risk of being unable to support existing IT systems into the Group's key risks.

The Group has been busy preparing for the introduction of SMCR. As part of the process we have taken the opportunity to train our managers on the importance of culture and ensure they exhibit the correct values and behaviours. The Committee has overseen the delivery of this project and will continue to monitor its effectiveness to ensure SMCR has been embedded fully post implementation.

We hold an annual risk workshop attended by members of the Board and Executive Committee. It is a dedicated session to review the Group's key risks and risk appetite for each of those risks, with the Committee. This review forms the foundation of the Group's Internal Adequacy Assessment process (ICAAP). It is used to select the operational risk scenarios, stress testing and reverse stress testing. Changes this year included the incorporation of business risks associated with new propositions and acquisitions into the Group key risks.

The Committee undertakes an ongoing training programme and this year we received training on the ICAAP and facilitated training for the Board on cyber security.

Lintstock performed a review of the Committee as part of its annual Board effectiveness review. I am pleased to tell you that the Committee improved its performance over the year. Areas for development included maintaining the balance of escalating key risks, the overall review and deep dives on high value topics.

Kath Cates
Chairman of the Risk Committee

26 November 2019

Q&A with our Chairman of the Risk Committee

Q **What has been a priority this year from the perspective of the Risk Committee?**

A With the significant volume of change in the business, a focus has been on ensuring that we have regular updates on progress of the change programme. To assist in this we have also obtained independent assurance.

Committee composition

The Committee during the year comprised Kath Cates (Chair), Paul Wilson (resigned 9 October 2019), Ian Dewar and Simonetta Rigo. There is cross-membership between this Committee and the Audit and Remuneration Committees to ensure that agendas are aligned, and key information is appropriately shared across the Board Committees. The Chairman of the Risk Committee attends the Remuneration Committee at least once a year and is also a member of the Audit Committee.

Standing attendees at Committee meetings include the Chief Executive, Chief Financial Officer and the Chief Risk Officer. Further details of membership and attendance can be found on pages 46 and 51.

The responsibilities of the Committee are outlined in the Committee's Terms of Reference, a copy of which can be found at brewinmedia.co.uk/investor-relations.

The Committee's key areas of focus:

Key risks & risk appetite	The Committee invited the Board and members of the Executive Committee to review the key risks facing the Group and debated potential risks on the horizon as well as the Group's appetite for risk. The Committee recommended the Risk Appetite Statement, the Risk Policy Framework and the Group Risk Management Framework to the Board for approval. These help to set the agenda for the following year for key areas of discussion.
ICAAP and joint meeting with Audit Committee	The key components of the ICAAP were challenged in a six-monthly review, exploring scenarios, impacts of acquisitions and stress tests. We conducted a forecast of our regulatory capital and stress testing taking into account the potential acquisitions to be made by the Group. As a result, we raised £60m in the form of a placing in May 2019. There was a joint meeting with the Audit Committee prior to recommendation to the Board.
Change programme	In recognition of the increase in volume and complexity of the change programme, the Committee has engaged with an external independent consultancy to provide assurance and monitoring of the introduction of our new custody and settlement system. The independent consultancy reports and attends the Committee on a regular basis.
Conduct risk	The Committee continues to oversee progress with the conduct risk frameworks. There was a demonstration of the client outcomes dashboard which enables client facing staff to oversee key indicators and tolerances more efficiently to ensure positive client outcomes. Progress had been made in the year in the governance and control environment and it was demonstrated that client facing employees were able to analyse information more efficiently.
Cyber risk	The Committee continues to oversee the work of the five point cyber plan that has been formulated and is underway to support delivery of the enhanced cyber security programme.
Regulatory change	The Committee reviewed the key risks in relation to regulatory change legislation including MiFID II, the Data Protection Act and SMCR. It will continue to monitor, with particular attention on the embedding of new processes to ensure compliance and accountability.
Routine matters	The Committee held Non-Executive Director only sessions before each meeting and met the Chief Risk Officer, External Auditor, Internal Auditor and the Head of CASS on an individual basis. It reviewed the Terms of Reference for the Committee and disclosures for the Annual Report in addition to dealing with routine governance matters. The Committee underwent a formal evaluation of its performance during the year. The results were discussed by the Committee and have helped to inform forward-looking agendas.

Ensuring confidence in the Company's financial sustainability

Ian Dewar
Chairman of the Audit Committee

Chairman's overview

It has been a particularly busy year for the Audit Committee in an environment where 'audit failure' seems to have been constantly in the news. Rightly, the role of auditors and audit committees has received increased scrutiny as shareholders and investors have increased demands for oversight and challenge. We welcome this and believe we are well placed to respond to the challenge.

In addition to our routine work we spent six months conducting a rigorous external audit tender process, as our existing auditors, Deloitte, will rotate after the 2020 audit to tie in with our current audit partner's last permissible years as audit partner. Having completed that process we will recommend that at the AGM in February 2021, EY be appointed as our new auditors. We would like to take this opportunity to thank all the firms who participated in the tender for the huge commitment they showed in the process. We learned a great deal from the tender and it has helped us form our own views on changes that should take place in the audit market. We have set these out in our response to the Competition and Markets Authority ('CMA') review.

Q&A with our Chairman of the Audit Committee, Ian Dewar

Q **How do you seek assurance in the integrity of the Group's financial statements?**

A We maintain regular interaction with the internal and external auditors who provide assurance of the controls and processes, challenge the key areas of judgement and provide an understanding of the overall control environment.

The Committee's performance was evaluated during the year as part of the Lintstock review and feedback from the evaluation has identified areas for focus in 2020. We are conscious that the External Audit Tender took up a significant amount of time and having successfully completed that process, Internal Audit is an area of specific focus over the next year.

Mike Kellard joined the Committee at the start of the financial year and Caroline Taylor stepped down in July 2019. I would like to welcome Mike to the Committee and thank Caroline for her contribution over the past 5 years.

Ian Dewar
Chairman of the Audit Committee

26 November 2019

Committee composition

The Committee comprises only independent Non-Executive Directors. The members during the year comprised Ian Dewar (Chair), Kath Cates, Mike Kellard and Caroline Taylor (until July 2019). There is a cross-membership with the Risk Committee, to help ensure that agendas are aligned, and key information is shared appropriately across the Board Committees. Further details of membership and attendance can be found on pages 46 and 51.

The Chief Executive, Chief Financial Officer and Chief Risk Officer are invited to attend at the Committee's request.

In addition, all Non-Executive Directors including the Chairman are entitled to attend. The external audit partner and our internal audit partner are both standing attendees. We have considered the Financial Reporting Council ('FRC') requirement for the Committee to have competence relevant to the financial services sector and have concluded that the Committee, as a whole, satisfies this requirement.

The responsibilities of the Committee are outlined in the Committee's Terms of Reference, a copy of which can be found at brewinmedia.co.uk/investor-relations.

The Committee's key areas of focus

The Committee has a set agenda for the year although it will adapt to take account of changes in the business and the Board's strategy to ensure that there is challenge and oversight from an audit perspective and to ensure a strong control environment. The Committee's key areas of focus for 2019 were:

Financial reporting	Reviewed the Annual Report and Accounts, the quarterly trading updates, the Interim Report and the investor presentations. Received reports on the key judgements and accounting policies followed in the preparation of the Financial Statements. Reviewed reports from the external auditor on the Financial Statements. This included the significant audit risks, areas of audit focus, the appropriateness of the significant management judgements used in preparing the accounts and the effectiveness of systems of internal financial control. Received updates on changes to guidance regarding financial reporting. Reviewed the Group's Going Concern assumption and Viability Statement. IFRS 16 transition.
External auditor	Approved the external audit plan, the external auditor's terms of engagement and the fees to be paid to the external auditor for the audit of the 30 September 2019 Annual Report. Assessed the independence, objectivity and effectiveness of the external auditor. Enforced and approved the policy relating to non-audit services provided by the external auditor. Received reports on the Financial Statements.
External audit tender	Conducted an External Audit tender for FY2021 onwards. (see page 65 for further details).
Internal auditors	Assessed the effectiveness of the internal auditor and reviewed and approved the internal audit plan for the year. Received quarterly internal audit reports, challenged the robustness of their findings and agreed appropriate actions. Reviewed how issues identified for action, whether arising from internal audit reports or from internal control processes, are identified, progressed and reported; this ensures there is an effective framework for the management of issues within the Group.
Control oversight	Received, reviewed and discussed the Group's annual whistleblowing report, the control environment report, the six-monthly money laundering and financial crime report. Reviewed and discussed the six-monthly updates for both the Client Money and Assets report ('CASS') and Audit Assurance Faculty report ('AAF').
ICAAP	The Audit Committee reviewed the ICAAP jointly with the Risk Committee. After reviewing and challenging the ICAAP and its key components, the Committee recommended its approval to the Board.
Other	Reviewed the Committee's performance. Reviewed and approved the Committee's terms of reference and minutes.

Key sources of estimation uncertainty related to the Financial Statements

We reviewed the significant issues set out below in relation to the Group's Financial Statements for the year ended 30 September 2019. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the Financial Statements. We are satisfied that the Financial Statements appropriately address the critical judgements and key estimates, in respect both of the amounts reported and the disclosures made, following review and consideration of the presentations and reports presented by management. We also reviewed these issues with the external auditor during the audit-planning process and at the conclusion of the year-end audit. We are satisfied that our conclusions in relation to these issues are in line with those drawn by the external auditor.

Issue	Key considerations	Role of the Committee	Conclusion
Business combinations (see notes 4.a.i and 4.b.i to the Financial Statements).	Appropriate application of IFRS in relation to the recent acquisitions, specifically: • Establishing whether each acquisition constituted a business or a group of assets; and • Establishing the fair value of all the assets/liabilities acquired in each business combination.	We considered management's proposed accounting treatment for each acquisition (see note 26, to the Financial Statements) including the determining factors as to whether the transactions should be accounted for as a business combination or as a purchase of a group of assets under IFRS 3. We challenged whether the fair value attributed to the client relationships and brand shown in the Financial Statements was set correctly.	We concluded firstly, that it was appropriate to account for the acquisitions as business combinations and secondly, that the determination of the fair value of the assets was set to the appropriate level.
Amortisation of client relationships (see note 4.b.ii to the Financial Statements).	Determination of the useful economic life of client relationships, which establishes the quantum of the amortisation expense.	We considered the paper prepared by management on the average client tenure and useful economic life expectations. We challenged whether the metrics used were set to the appropriate level.	We concluded that the assumptions and judgements used were reasonable and we were satisfied that the useful economic life expectations were appropriate.
Assumptions underlying the calculation of the defined benefit pension scheme asset (see note 4.b.iii to the Financial Statements).	Determination of the actuarial assumptions such as the discount rate, the life expectancy of scheme members and the inflation rate used when calculating the defined benefit pension scheme asset.	We considered management's paper explaining the assumptions used in the calculation and the resulting impact on the balance sheet. We challenged whether the assumptions remained appropriate given the surplus in the scheme.	We concluded that the assumptions and judgements used in determining the defined benefit pension scheme asset were appropriate.
Likelihood of meeting performance conditions for the long-term incentive plan (see note 4.b.iv to the Financial Statements).	Determining the likelihood of meeting the performance conditions which impact the quantum of the expense in the period.	We considered management's paper explaining the assumptions for the likelihood of meeting the performance conditions. We challenged whether the assumptions were appropriate as awards do not always vest in full.	We concluded that the assumptions used in calculating the expense were appropriate.
Assumptions underlying the estimation of the provision relating to onerous leases (see note 4.b.v to the Financial Statements).	Appropriate application of IFRS and underlying recognition principles. Determining the best estimate of the likely cash flows and other assumptions.	We reviewed management's paper explaining the assumptions and calculation methodologies applied in determining the provisions. This included ensuring that the provisions represent present obligations arising from past events. We challenged whether the procedures performed by management were robust and comprehensive.	We concluded that the provisions were appropriate and complete for the obligations that existed at the year end. We were satisfied with Management's responses to our challenge on their internal controls and procedures. We asked Management to confirm that there had been no new information following the year end that would result in an adjustment to the provision.

Fair, balanced and understandable Report and Accounts

The Committee has performed a review of the Group's Annual Report and Accounts to ensure that it is fair, balanced and understandable. What is meant by these terms, and the questions that the Committee considers as part of this review, are shown below:

Term	Description	Questions	Committee's conclusions
Fair	• Not exhibiting any bias • Reasonable or impartial • Performed according to the rules	• Is the whole story being presented? • Have any sensitive material areas been omitted?	The Committee is of the opinion that the Annual Report and Accounts articulates how the Group has performed during the year, providing full disclosure and forward looking statements. Therefore, we are of the opinion that the disclosures present a fair reflection of the performance of the Group.
Balanced	• Even-handed • Taking account of all sides on their merits without prejudice or favouritism	• Is there a good level of consistency between the front and back sections of the Annual Report? • Does the reader get the same message from reading the two sections independently? • Is there a balance between positive and negative messages in the narrative? • Are the key judgements referred to in the narrative reports and the significant issues reported in the Audit Committee Report consistent with the disclosures of key estimates and uncertainties and critical judgements set out in the Financial Statements?	There is consistency between the narrative sections and the financial statements and an appropriate balance of positive and negative messaging in the narrative reporting.
Understandable	• Having a meaning or nature that can be understood • Able to be accepted as normal	• Is there a clear and cohesive framework for the Annual Report? • Is the report written in accessible language? • Are the messages clearly drawn out?	Enhancements have been made to the governance section of the report from last year in order to make the report clearer.

Internal audit

The Group's internal audit function is outsourced to BDO, who directly report to the Committee and were appointed in 2016. The Committee continues to believe that the outsourcing model delivers enhanced benefits including the availability of a wider range of skills and resources than an internal model could provide. Christian Bellairs, a senior partner at BDO, attends the Executive Committee meetings as a standing attendee.

The Committee approves the internal audit plan at the start of the financial year. The plan for the year was created based on the key risks identified by the Board as well as other key areas identified by the Executive Committee members. The plan was presented to the Committee at the start of the financial year for approval and the Committee receives quarterly reports on all internal audits conducted and progress against the plan. The plan is reviewed midway through the year to ensure it remains relevant and committee members are given the opportunity to change the scheduling or topics for consideration. All internal audit reports are available to the Committee and Board.

The Committee is responsible for monitoring and reviewing the effectiveness of the Internal Auditor. At the end of the year the Committee conducted an effectiveness review of the Internal Auditor. Questionnaires were sent to Committee members, Executive Committee members and employees who had interacted with the internal auditor during the year. Overall BDO received a 'Good' rating and Christian Bellairs received an "Excellent" rating.

The areas considered were: engagement with audit partner and team, audit planning, execution, communication, insights and value, independence, objectivity and the firm.

The outcomes were reviewed by the Committee in October 2019 and the recommendations made were put in place. A further review will take place during 2020 to assess progress against these recommendations.

Based on the review, the Committee is satisfied that BDO continues to provide an effective service.

External auditor

The Audit Committee is responsible for developing, implementing and monitoring the Group's policy on external audit. The policy sets out the categories of any pre-approved non-audit services which the external auditor is authorised to undertake. It also provides an approval process for the provision of any other non-audit services. This policy is available to view on the Investor Relations section of the Group's website, under the Board committees subsection.

The Board generally only uses the external auditor for audit and related activities. If there is a business case to use the external auditor to provide non-audit services, prior permission is required from the Committee. In such an instance, the Committee will review the proposal to ensure that it will not impact the auditor's objectivity and independence. The majority of tax advisory and similar work is carried out by another major accountancy firm. An analysis of the auditor's remuneration is provided in note 8 to the Financial Statements.

The external auditor meets privately with the Committee at least twice a year without senior executive management being present and regularly with the Audit Committee Chairman.

External auditor effectiveness

The Committee assesses the effectiveness of the external auditor on an annual basis, taking account of the following factors:

Factor	Assessment
The role of management	That information provided by management to the external auditor is timely and correct, that it has proper supporting papers and that accounting systems and internal controls work effectively.
The audit partner	The extent to which the partner demonstrates a strong understanding of the business, the industry and the challenges faced by the business. The length of time the partner acts as the lead engagement partner.
The audit team	The extent to which the audit team understands the business and industry and is properly resourced and experienced.
The audit approach	That the audit approach is discussed with management, targets the significant issues early, is communicated properly, is appropriate for the business and industry and includes an appropriate level of materiality.
The communications and formal reporting by the auditor	That management and the Committee are kept appropriately informed as the audit progresses and that the formal report is appropriate and contains all relevant material matters.
The independence and objectivity of the auditor	That the auditor complies with the FRC's ethical standards, has the required degree of objectivity (including their arrangements to identify, report and manage any conflicts of interest), and that the overall extent of non-audit services provided by the external auditor does not compromise independence.

The Committee is satisfied that Deloitte LLP has conducted an effective audit for the 2018/19 financial year. The Committee has therefore recommended to the Board that Deloitte be reappointed at the 2020 AGM for its final year as the Group's external auditor.

The Committee has considered the likelihood of the incumbent and proposed external auditor firms withdrawing from the market and has noted that there are no contractual obligations to restrict the choice of replacement external auditor.

External audit tender

The Committee considered the Competition and Markets Authority ('CMA') and EU requirements for mandatory tendering and rotation of the audit firm.

Deloitte LLP were appointed as our auditors in 2002 and the last year that they can remain auditors is 2022. During the year the Committee conducted an audit tender process as indicated last year.

We invited Ernst & Young LLP ('EY'), KPMG LLP ('KPMG'), PricewaterhouseCoopers LLP ('PwC') and BDO LLP ('BDO') to tender for the Group audit.

Shortlisted firms were asked to submit a tender document (RFP). Each firm was given access to key Brewin Dolphin contacts, including Committee members and Executive management at site meetings. The meetings were designed both to allow the audit firms to learn about the Group's business and for the Group to assess the audit firms' capabilities, experience and suitability before submitting their RFPs.

Additionally, the audit firms were asked to critique our annual report and to present their findings to management which allowed management to assess their performance and style.

The Committee received presentations from each of the shortlisted audit firms and also considered the RFPs, feedback from the site meetings from management, as well as the presentation documents when reaching its decision. The selection criteria are set out opposite.

The Committee debated the merits of each firm and a final shortlist of two audit firms was presented to the Board in July by the Committee. The Board concluded that EY should be appointed as external auditor with effect from FY2021 and agreed EY should shadow Deloitte for the Group's FY2020 audit. Feedback to KPMG, PwC and BDO was given once the decision was reached and an announcement made to the market.

Selection criteria

- The proposed team, their experience and personal credentials, including seniority of team, enthusiasm and succession planning.
- Understanding of the organisation, our culture and experience of the wealth management industry
- Service approach, including transition, planning and delivery. To include:
  - Detailed and well prepared audit plan
  - Robustness of proposed audit
  - Communication plan
  - Process for challenge and raising issues
  - Involvement of specialists and technical support
  - Form and content of audit committee reporting
  - Responsiveness and availability
  - Transition proposals
- Approach to quality assurance
- Other considerations:
  - Pro-activity
  - Value-add, including fees

Aligning remuneration to best practice and shareholders' interests

Caroline Taylor
Chairman of the Remuneration Committee

On behalf of the Remuneration Committee (the 'Committee') and the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2019. At the 2020 AGM, the Directors' Remuneration Policy will be submitted for the triennial binding vote, and the remainder of the report will be submitted for the usual advisory vote.

Amended Directors' Remuneration Policy (the 'Policy') for shareholder approval at 2020 AGM

At the AGM held on 3 February 2017, shareholders approved the current Policy with 98.61% of votes in favour. During 2019, the Committee has reviewed the Policy in preparation for the next triennial vote at the 2020 AGM. The Committee decided to propose some amendments to: further align with shareholders; take account of the recent changes to the Corporate Governance Code; and to review the gap between Brewin Dolphin's remuneration and other companies in our sector of a similar size.

We consulted with shareholders on initial proposals to increase the maximum annual bonus, accompanied by a reduction in on-target bonus percentage. This proposed increase in maximum bonus was in the context of the Executive Directors' low fixed remuneration, comprising minimal benefits, below-median base salaries and a standard 3% of qualifying earnings pension contribution for Executive Directors.

Shareholders understood and generally supported the increase in variable pay. However, there was a preference for the increase to apply to the LTIP, rather than the annual bonus. After careful consideration of the feedback received from shareholders, the Committee has decided to adapt its original proposal and to propose the following amendments to the Policy. The amended Policy will apply to awards in respect of the financial year ended 30 September 2020 onwards for all Executive Directors.

Q&A with the Chairman of the Remuneration Committee, Caroline Taylor

Q **How does Brewin Dolphin ensure that its Directors' remuneration is in line with shareholders' interests, while ensuring that it is sufficient to attract, retain and motivate the best talent?**

A We have recently held an extensive shareholder consultation as we look to update our Directors' Remuneration Policy. We listened to the feedback from our major shareholders and proxy voting agencies. This helped inform our decisions. We externally benchmark against our peers for all elements of Directors' remuneration. When setting targets for annual bonuses and LTIP, we set suitably stretching targets to appropriately motivate our Executives.

Amendments:

- Increase the Minimum Shareholding Requirement to 200% of base salary for all Executive Directors, from the current levels of 150% of base salary for the Chief Executive and 100% of base salary for the Chief Financial Officer ('CFO').
- Introduce a post-employment Minimum Shareholding Requirement to apply for two years post-cessation.
- Reduce bonus payout for on-target performance to 60% of maximum bonus from the current level of 67%, whilst leaving the maximum annual bonus unchanged at 150% of base salary.
- Increase maximum LTIP to 150% of base salary from the current level of 100% of base salary. Note that the current Policy already allows for LTIP awards of up to 150% of base salary in exceptional circumstances; under the new Policy, the maximum LTIP level will be 150% of base salary.

Committee composition

The Committee comprises independent Non-Executive Directors, and the Non-Executive Chairman of the Board, who was independent upon his appointment in March 2013. Caroline Taylor was appointed as Committee Chair on 1 October 2018. Caroline was a member of the Committee for four years prior to being appointed as Chair. The other Committee members are Simon Miller, Ian Dewar and Simonetta Rigo. There is cross-membership with the Risk Committee to help ensure alignment between the Group's key risks and its Remuneration Policy. The Chairman of the Risk Committee attends the relevant Remuneration Committee meeting in order to advise the Committee on risk and compliance factors when finalising remuneration. The Chairman of the Remuneration Committee also attends Risk Committee meetings, at least annually. Further details of Remuneration Committee membership and attendance can be found on pages 46 and 51.

The responsibilities of the Committee are outlined in the Committee's Terms of Reference, a copy of which can be found at brewinmedia.co.uk/investor-relations.

Board and Committee changes

Siobhan Boylan was appointed the Chief Financial Officer and joined the Board on 4 March 2019. Her remuneration for the period she served as a Director during the year is included in this report.

Simonetta Rigo joined the Committee in September 2019.

Base salary and pension

The Committee reviewed the Chief Executive's base salary effective 1 January 2019, and decided to increase his base salary by £10,000 to £435,000, an increase of 2.35% which was consistent with the levels of increase for the remainder of our employees.

From 1 January 2020, the Committee has increased the Chief Executive's base salary by 2.3% to £445,000, and increased the Chief Financial Officer's base salary by 2.46% to £333,000, consistent with the levels of increase awarded to other employees. The Executive Directors' new base salaries remain below the market median for companies of Brewin Dolphin's size.

In marked contrast to normal market practice, our Executive Directors do not receive any significant pension allowance: the Chief Financial Officer receives the statutory minimum pension contribution (currently 3% of qualifying earnings) and the Chief Executive elects to receive zero pension allowance.

Annual bonus outcome for 2019

Annual bonus for FY19 was weighted 60% based on financial metrics (adjusted profit before tax (PBT) and net funds inflow), with equal weighting and 40% based on challenging operational, strategic and personal objectives.

2019 adjusted PBT was £75.0 million, and discretionary funds net inflow growth of 4.3% excluding transfers. This was a robust performance in challenging market conditions, whilst many of our competitors have experienced flat or negative net funds flow. Good performance was achieved in a range of challenging non-financial objectives. As a result, of both financial and non-financial performance, a total bonus of 86.4% of base salary was awarded. Note that, when applied to the below-median base salaries, the monetary value of the annual bonus paid is significantly lower than the market median.

A significant portion of the bonus is deferred into shares for three years to further enhance alignment with our shareholders' interests, as detailed in our Directors' Remuneration Policy.

LTIP granted in December 2016

The 2016 LTIP was weighted 50% on compound growth in adjusted EPS and 50% based on average discretionary funds inflow. The three-year EPS growth was 6.9% per annum, and the average organic discretionary funds inflow averaged 6.0% per annum. The overall vesting level was 61.8% of maximum. The vested shares, net of sales to settle income tax on vesting, are subject to a two-year post-vesting holding period.

Discretion

The Committee agreed that the bonus and LTIP payment and vesting value outcomes were a fair reflection of the overall performance achieved, and no discretion to override these outcomes was necessary.

LTIP granted in December 2018

In December 2018, the Chief Executive received an LTIP grant of 100% of base salary during the year. 50% of the award is based on EPS growth and 50% is based on organic funds inflow.

The performance period is for three years ending 30 September 2021. A two-year post-vesting holding period applies. The Chief Financial Officer was not eligible for this award.

Engagement with shareholders

The Committee receives regular updates on the views of major shareholders and investor representative bodies, and changes in market practice. During the year, the Committee consulted with major shareholders and proxy voting agencies on the proposed amendments to the Policy.

Shareholder consultation

During the year we held a shareholder consultation with our top shareholders and proxy voting agencies, to discuss the proposed changes to the Policy.

- The Committee received presentations on upcoming changes in remuneration requirements for Executive Directors.
- Benchmarking reports were provided to the Committee to understand how peers approached the changes.
- The Committee received advice from Aon on which options would be most appropriate for the Company.
- Management developed a proposed policy based on the advice. The Committee considered and approved it for consultation with stakeholders.
- The Committee requested the Company Secretary issue a communication to top shareholders and proxy voting agencies on the proposals.
- The Committee Chairman and Company Secretary gathered and analysed the responses.
- The Committee Chairman held meetings with consultees to discuss the policy changes.
- The Committee Chairman reported feedback received to the Committee and the Committee agreed to revise the Policy.
- The Committee updated the consultees with the revised Policy.
- The Committee approved the proposed Policy for inclusion into the Annual Report and Accounts.

TSR performance

Brewin Dolphin's sustained TSR performance has been very strong; £100 invested in the Company at the end of September 2009 has delivered a return of 198% by 2019, far ahead of the FTSE All Share Financials Index which delivered 78% and the FTSE All Share of 123%.

Conclusion

I thank shareholders for supporting our remuneration resolutions in previous years. I hope you find this year's Report informative, and that you will support our Annual Report on Remuneration and the amended Policy at the forthcoming AGM.

Caroline Taylor
Chairman of the Remuneration Committee

26 November 2019

What the Committee has focused on during the year

Area	Action in the meeting	Result
Executive Directors' remuneration	• Reviewed and amended the Policy to be submitted to the 2020 AGM • Reviewed the Executive Directors' salaries, bonus and other awards • Held shareholder consultations	The Policy was updated based on decisions made at meetings and feedback from shareholder consultations.
Share based awards	• Assessed and approved the 2016 LTIP vesting • Approved the LTIP performance criteria and other share-based incentive plan awards	The performance metrics of the LTIP were reviewed to ensure that they remained appropriate and stretching. The Committee was satisfied that it remained an effective reward mechanism.
Governance	• Assessed the effectiveness of the external advisers, Aon • Discussed the outcome of the Committee performance evaluation report • Reviewed and updated the Terms of Reference for the Committee	Outcomes from the 2019 Committee evaluation were discussed and an action plan agreed.
Core compliance	• Assessed and approved annual bonus outcomes, including deferral awards under the Deferred Profit Share Plan • Reviewed share plan rules in light of changes in regulation • Reviewed the Directors' Remuneration Report for the Annual Report • Reviewed the Group's remuneration budget and other employee incentives • Identified and approved the individual compensation for the Material Risk Takers ('MRTs') • Reviewed the process and guidelines of the annual remuneration review process for the entire employee workforce	Share plan rules were updated to ensure compliance with the UK Corporate Governance Code 2018.
Regulatory	• Received reports from the Chief Risk Officer on conduct risk • Approved the changes to the Remuneration Policy Statement for submission to the FCA and Pillar III disclosures • Received updates on changes in regulation and trends in remuneration, such as the Chief Executive pay ratio • Discussed the Group policy on gender pay and considered the result of the Gender Pay Gap Report as well as diversity and inclusion initiatives	The Committee received an update from the Chief Risk Officer on conduct risk for Executive Directors, Executive Committee members, the Company Secretary and MRTs. The outcomes were then used to inform bonus allocations. The Committee decided to disclose the Chief Executive pay ratio in the Annual Report and Accounts, ahead of the regulatory requirement.

Annual Report on Remuneration

This part of the Directors' Remuneration Report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and 9.8.6 of the Listing Rules. The financial information in this part of the Directors' Remuneration Report has been audited where indicated.

Total remuneration for the financial year to 30 September 2019 (Audited)

£'000	Year	Salary & Fees[a]	Benefits[1]	Pension[2]	Annual bonus[3]	Long term incentive[4]	Other[5]	Total excluding value in 'Other'	Total
Executive Directors									
David Nicol	2019	432	1	–	376	282	–	–	1,091
	2018	425	1	–	453	320	–	–	1,199
Siobhan Boylan[5]	2019	187	1	1	162	–	730	351	1,081
Andrew Westenberger[8]	2018	241	2	–	200	265	–		708
Non-Executive Chairman									
Simon Miller	2019	180	–	–	–	n/a	–	–	180
	2018	180	–	–	–	n/a	–	–	180
Non-Executive Directors									
Kath Cates	2019	83	–	–	–	n/a	–	–	83
	2018	85	–	–	–	n/a	–	–	85
Ian Dewar	2019	77	–	–	–	n/a	–	–	77
	2018	75	–	–	–	n/a	–	–	75
Caroline Taylor	2019	70	–	–	–	n/a	–	–	70
	2018	70	–	–	–	n/a	–	–	70
Paul Wilson[b]	2019	60	–	–	–	n/a	–	–	60
	2018	70	–	–	–	n/a	–	–	70
Mike Kellard[6,9]	2019	60	–	–	–	n/a	–	–	60
	2018	50	–	–	–	n/a	–	–	50
Simonetta Rigo[7]	2019	60	–	–	–	n/a	–	–	60
	2018	19	–	–	–	n/a	–	–	19
Total	**2019**	**1,209**	**2**	**1**	**538**	**282**	**730**	**351**	**2,761**
Total	2018	1,215	3	–	653	585	–	–	2,456

1. Benefits relate to death-in-service insurance and private medical insurance. Executives can also elect to use part of their total fixed remuneration to fund additional benefits. These amounts are disclosed as part of the 'salary and fees' figure.
2. Executives can elect to sacrifice part of their annual bonus into the Group's defined contribution pension scheme. Where employees choose to do this, the Group contributes 13.8% of the sacrificed amount, equal to the employer's national insurance that would have been due had the amount been paid as bonus. Any sums sacrificed from bonus have been shown in the pension column, with the related employer contribution of 13.8% shown in the pension column.
3. This relates to the payment of the annual bonus which is subject to a mandatory deferral policy as set out on page 72.
4. The value of the long-term incentive is the value of shares for the award where the performance period ends in the year, that would have been received during the three-year performance period. 61.8% of the 2016 LTIP has vested in the period. The figures for 2019 have been calculated using the average of the Group's Q4 share price in the three-month period to 30 September 2019, being £3.09 (rounded). The actual vesting date of the LTIP award is 3 December 2019.
The figures presented for 2018 have been updated from the three-month average figures used in last year's report (being £341,661 for David Nicol based on a share price of £3.52 (rounded)) to take into account the Group's share price on the date of vesting, 3 December 2018, being £3.30 (rounded).
The LTIP figure for 2019 in the table above includes £19,672 for David Nicol, which is attributable to the movement in the share price between the grant date, (1 December 2016) and the end of the performance period (30 September 2019). This amounts to 6.15% of the vesting amount shown in the table.
The LTIP figure for 2018 in the table above includes the following: £59,208 for David Nicol and £48,944 for Andrew Westenberger, which are attributable to the movement in the share price between the grant date (3 December 2015) and the end of the performance period (30 September 2018). This amounted to 18.48% of the vesting amount shown in the table.
5. Siobhan Boylan commenced her employment with the Group on 11 February 2019 and was appointed CFO and joined the Board on 4 March 2019, once regulatory approval was received. The figures for 2019 in the table represent the amount of base salary and benefits, and annual bonus, earned for services as a Board Director. £580,000 worth of shares were granted to Siobhan Boylan during the year, to replace the share awards forfeited on leaving her previous employer. These awards will vest over a four-year period from 2019 to 2022. She also received £150,000 to replace the forfeited cash bonus from her previous employer. This is included in the 'Other' column above.
6. Mike Kellard was appointed to the Board on 1 December 2017.
7. Simonetta Rigo was appointed to the Board on 6 June 2018.
8. Andrew Westenberger stepped down from the Board on 16 May 2018.
9. In addition to the fees set out above which are in relation to his Brewin Dolphin Holdings PLC directorship, Mike Kellard receives an annual fee of €40,000 in relation to his position as a Non Executive Director of Brewin Dolphin Wealth Management Limited (BDWM), the Group's Irish subsidiary. He was appointed to the Board of BDWM on 11 July 2019.

a. For Andrew Westenberger, his salary and fees include compensation for loss of office of £5,000.
b. Paul Wilson resigned from the Board on 9 October 2019.

Appointment of Siobhan Boylan as the Chief Financial Officer (Audited)

Siobhan Boylan was appointed as CFO and joined the Board on 4 March 2019. Her remuneration package for 2019 was as follows:

- Base salary £325,000.
- Pension contribution of 3% of qualifying salary (statutory minimum pension contribution).
- Annual bonus up to a maximum of 150% of base salary, subject to performance conditions, three-year deferral and time-proration for the period worked during the year.
- Siobhan Boylan did not receive any LTIP awards during the financial year ended 30 September 2019. She will be eligible for LTIP awards of up to 150% (subject to shareholder approval of the new Policy) of base salary for the financial year ended 30 September 2020 onwards, subject to performance conditions measured over three years and a two-year post-vesting holding period (net of tax).
- Siobhan Boylan received a cash payment of £150,000 and share-based recruitment awards under Listing Rule 9.4.2(2), to replace cash and deferred bonuses and long term incentive awards she forfeited on leaving her previous employer to join Brewin Dolphin. The share-based recruitment awards, which were granted on 29 March 2019, are subject to the key terms set out in the Brewin Dolphin LTIP rules but vesting is modified to mirror the vesting profile of the awards sacrificed. These awards, and the replacement for the cash bonus, were necessary to secure her appointment, and the value of the recruitment awards was calculated taking account of the nature of the forfeited awards and any performance conditions that applied. The total value was £150,000 in cash and £580,000 in Brewin Dolphin shares, vesting over the four-year period from 2019 to 2022, subject to Siobhan's continued employment. An additional condition of the awards is a requirement to retain a significant portion of the shares, on a 'net-of-tax basis', towards meeting the minimum shareholding requirement (which is proposed as 200% of base salary in the new Directors' Remuneration Policy).

Base salary review (Audited)

Salaries are normally reviewed in Q4, to take effect from 1 January each year. An increase of 2.35% (£10,000) was awarded to the Chief Executive, effective from 1 January 2019. This was consistent with the levels of percentage increase awarded to our other employees. Effective from 1 January 2020, base salaries for the Chief Executive and the Chief Financial Officer will be increased to £445,000 (2.3% increase) and £333,000 (2.46% increase) respectively, consistent with the levels of increase to other employees.

	Salary as at 30 September 2019	Salary as at 30 September 2018	Change
David Nicol	**£435,000**	£425,000	2.35%
Siobhan Boylan	**£325,000**	–	–

Annual variable pay outcomes for 2019

Annual bonuses for the Executive Directors are determined by the Committee based on an assessment of performance relative to Key Performance Indicators ('KPIs'), which are selected to achieve a direct relationship between progress towards the Group's strategic goals and the bonuses that are awarded. The maximum annual bonus for each individual Executive Director is 150% of base salary. For the financial year ended 30 September 2019, the bonus award opportunity for on-target performance was 100% of base salary. The Committee has the discretion to adjust the final outcome to take account of overall Group performance and exceptional events.

Overall outcome

Criteria	Weighting	% of salary at maximum	% of maximum bonus paid	% of base salary
Financial	60.0%	90.0%	40.4%	36.4%
Non-financial	40.0%	60.0%	83.3%	50.0%
Total		150.0%	57.6%	86.4%

Performance for financial criteria

Key Performance Indicator	Weighting	Threshold 25% of salary	On-target 100% of salary	Maximum 150% of salary	Actual for year ending 30 September 2019	% of salary awarded for this criterion	Comment
Adjusted[1] PBT	30.0%	£68m	£84.0m	£90.0m	£75.0m	17.3%	Targets set in relation to prior year performance and budget
Discretionary net funds inflow	30.0%	2.5%	6.0%	9.0%	4.3%[2]	19.1%	Targets set in relation to prior year performance and budget
Outcome						36.4%	

1. See explanation of adjusted performance measures on page 34.
2. Adjusted to exclude internal service transfers.

Performance for non-financial criteria

Criteria (equally weighted)	Performance achieved	Rating for each criterion (out of 5)
Strategy	• Successful integration of acquisitions (Mathieson, Aylwin and Epoch) largely completed, with all completed transactions showing a return on an annualised basis, in line with expectations. ICIIL is on track. • *1762 from Brewin Dolphin* has positive funds growth and is building its integrated advice-led offering. A high calibre team is in place. • Brewin Portfolio Service has grown by 1,436 clients to 5,001 clients (2018: 3,565 clients) and funds have grown by £26.0 million to £187.0 million (2018: £161.0 million). Managed Portfolio Service ('MPS') has increased its funds by £0.8 billion to £3.8 billion (2018: £3.0 billion).	4/5
Talent	• Employee engagement score increased to 87% from 83% last year and is 10 percentage points above the Financial Services benchmark. Improved Glassdoor rating from 2.8 to 3.6. • Management of retention rates for the year within risk parameters: 7.53% overall, 2.72% Investment Managers and 8.6% Financial Planners. • Successful development of a new succession plan to identify future talent and plan their learning and development needs. • Launched an online learning platform to improve learning resources for all employees, with 1,155 active users to date. Over 18,000 resources have been accessed. • Invested in leadership development training across all management levels through sponsored MBAs, management training and the Executive Leadership Programme. • Successful implementation of an improved wellbeing benefits programme, creating greater equality amongst all employees and several other benefits. Introduction of enhanced shared parental leave. • Employees volunteered for 6,277 hours during the year (compared to 5,180 in 2018). Achieved the Platinum Quality Mark for payroll giving. • 20 participants in the 30% Club mentoring programme. • Results from the Hampton Alexander Review have ranked the Group 6th in the FTSE 250 for our representation of women in senior leadership roles, up from 27th in 2018. We are ranked 4th of the 23 Financial Services firms in the FTSE 350 for female representation in ExCo and their direct reports. Exceeded the 33% Women in Finance Charter target, with 34.6% achieved. Board figure of 44%, Executive Director figure of 50% and Executive Committee figure of 25%.	5/5
Client service	• Industry awards won during the year: Five regional star awards, Investment Week's Gold Standard Awards' Best Wealth Manager 2018, and Professional Adviser's Best Discretionary Fund Manager (DFM) 2018. • Direct client fund outflows of £673m, which was significantly lower than the £800m expected. • Won Best Discretionary Fund Manager for MPS on platform and Best DFM bespoke 2019. • Overall client satisfaction score of 87%, which is 10 percentage points higher than the UK benchmark. • Net promoter score of 51.2%, 22.7% higher than the UK benchmark and up from 44.3% in 2018. • Continued low levels of client complaints, 32% upheld for 2019 (46% for 2018).	4/5
Risk management and compliance	• Successful completion of the assurance report on internal controls over custodial services in accordance with ICAEW technical standard AAF 01/06 (AAF) and ICAAP, including satisfying the regulatory capital requirement. • Significant improvement to underlying processes which have enhanced our compliance with regulatory requirements. • Rollout of comprehensive training for managers on the importance of culture as part of SMCR. Specialist external trainer engaged to provide high quality training to all employees impacted by SMCR. • Critical elements of GDPR were implemented in May 2018 and the data mapping is near completion. This will be embedded in 2020.	4.5/5
Technology and infrastructure	• Implementation of the new Client Management System is progressing with a firm delivery date in early 2020. • Migrating client data onto the new core custody and settlement system – Avaloq is on track, with the project expected to deliver in line with previously disclosed expectations.	3/5

Criteria (equally weighted)	Performance achieved	Rating for each criterion
Personal performance	**Chief Executive:** • Avid and visible leader of initiatives which creates a strong and sustainable culture. Demonstrating Brewin Dolphin values continuously. CEO approval rating on Glassdoor of 80%. • Continues to demonstrate strong and consistent leadership. For example, by personally championing leadership development, diversity and corporate responsibility. • The employee survey question 'Senior Leaders provide a clear vision of the overall direction of the Company' rose from 65% to 74%, an increase of 9% year-on-year, 12% above the financial services benchmark. • Successfully built a collegiate and high performing Executive Committee, bolstered by the recruitment of the new CFO. • Took a leading role in industry initiative to share best practice with peers and understand how the industry is evolving, and how Brewin Dolphin can benefit from and take advantage of these opportunities. Attended numerous networking events, roundtable discussions and peer to peer meetings to understand how competitors and the industry are evolving and the resulting impact on the Group.	4.5/5
	Chief Financial Officer: • Managed delivery of half year results and the placing of shares transaction in an accelerated timeline. • Successfully maintained our critical banking diversification targets. • Optimised the structure of the internal finance team to enhance support to the business. • Good progress in building external relationships with all shareholders through developing an investor relations programme.	4.5/5
Percentage of maximum bonus for non-financial performance (straight average)		83.3%

Bonus outcomes (Audited)

Based on assessment of performance, the Committee has awarded the following annual bonuses to the Chief Executive and the CFO, with the split between cash and deferred shares as indicated in the table below. The Executive Directors receive part of their annual variable pay under the Deferred Profit Share Plan ('DPSP') as a deferred award in Group shares, normally in the form of a nil-cost option. The options vest and become exercisable three years from the date of grant.

Both the share and cash elements of the bonus are subject to malus and clawback provisions. Please see the Directors' Remuneration Policy table on page 78 for further details. The Committee has the discretion to adjust the final outcome to take account of overall Group performance and exceptional events. The Committee did not make any such adjustment for the bonuses in respect of the financial year ended 30 September 2019.

Name	Role	Cash	Deferred shares[1]	Total	% of base salary
David Nicol	Chief Executive	£267,227	£108,613	£375,840	86.4%
Siobhan Boylan[2]	Chief Financial Officer	£124,371	£37,185	£161,556	86.4%

1. See deferral table below.
2. Siobhan Boylan's total bonus figure is prorated for the period she worked as an Executive Director during the year.

Portion of variable pay	Fraction deferred
Up to £50,000	None
Between £50,000 and 1 x salary	One-third
Above 1 x salary	Two-thirds

Vested LTIP outcome for the three-year performance period ended 30 September 2019 (Audited)

The Chief Executive received a conditional share award granted under the LTIP in December 2016. The performance period for the grant was the three years ended 30 September 2019 and the performance criteria set are shown below:

Criteria	Weighting	Threshold target	Full vesting target	Actual performance achieved to year ended 30 September 2019	% of award to vest
Adjusted EPS Compound Annual Growth Rate ('CAGR')	50.0%	5%	15%[1]	6.9%	38.9%
Average annual discretionary net funds growth[2]	50.0%	2.5%	7.5%	6.0%	84.7%
Blended pay out total					61.8%[3]

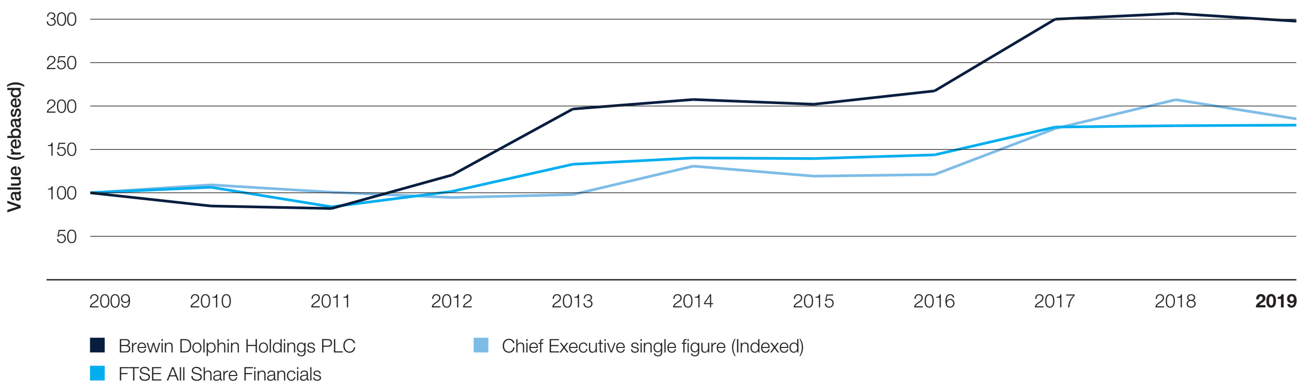
1. The stretch target of 15% CAGR is calculated from the starting point of 16.8p for 2015-16.
2. Average annual net inflows in discretionary funds expressed as a % of prior year discretionary funds.
3. No discretion was exercised to override the vesting outcome, as the outcome is a fair reflection of performance achieved.

Chief Executive pay for performance comparison

The graph below shows the value by 30 September 2019, of £100 invested in Brewin Dolphin Holdings PLC on 28 September 2009, compared with the Total Remuneration figures of the Chief Executive, rebased to £100 on the same date. The other points plotted are the values at intervening financial year-ends. Brewin Dolphin's TSR has been compared against the FTSE All Share Financial Index, reflecting the Company's sector and listing.

TSR, Chief Executive total pay and FTSE All Share – Financial Services Index

Source: FactSet



The total remuneration figure for the Director undertaking the role of Chief Executive during each of the previous financial years is shown below. The total remuneration figure includes the annual bonus which was awarded based on performance in those years. Where this bonus was subject to deferral, the deferral amount is shown in the year in which it was awarded. The annual bonus is shown as a percentage of the maximum for 2012 to 2019 only as there was no maximum amount for bonus in the preceding years.

	Year ended 30 September									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total remuneration (£'000)	643	593	557	577	770	702	713	1,025	1,199	**1,091**
Annual bonus (% max)	n/a	n/a	39	63	80	67	60	82.6	71.1	**57.6**
LTIP vesting (% of award)	n/a	n/a	n/a	n/a	n/a	n/a	nil	16.2	74.6	**61.8**

The movement in the salary and annual bonus for the Chief Executive, who is the highest paid Director, between the current and previous financial year compared to that for the average UK Group employee is shown below. Executive Directors receive minimal benefits, other than those they purchase from their base salary. As such, an analysis of the movement in benefits for the Chief Executive and the average employee was not considered to be practical or meaningful and has not been included in the below comparison.

	2019	2018	% change
Chief Executive			
Salary	**£435,000**	£425,000	2.35%
Bonus	**£375,840**	£453,475	(17.12)%
Average per employee			
Salary	**£53,860**	£52,856	1.9%
Bonus	**£31,178**	£35,162	(11.33)%

Chief Executive pay ratio

New regulations require companies to publish information on the ratio of the Chief Executive's pay to that of other UK employees in the Group. This requirement takes effect from our next reporting year. However, we have chosen to voluntarily disclose this information a year early.

In accordance with the new regulatory requirements, the table below sets out the ratio between the Chief Executive's total remuneration and the median, 25th and 75th percentile of the total remuneration amongst our UK employees. Total remuneration reflects all remuneration received by an individual in respect of the relevant year, including base salary, benefits, pension, annual bonus awarded, and the value vested from any long-term incentive. Out of the three alternative methods available under the regulations for calculating the ratio, we chose to use Option A. It is the most precise way of identifying employees at 25th percentile, median and 75th percentile, and is generally preferred under shareholder guidelines. Under this approach we calculated total remuneration on a full-time equivalent basis for all of our UK employees and ranked these figures to arrive at the median and the other percentiles.

Percentile	Total remuneration	Ratio
25th percentile	£31,412	34:1
50th percentile	£52,536	20:1
75th percentile	£100,435	10:1

The table below provides further information on the total remuneration figure for each percentile employee, and the base salary component within this.

Percentile	Salary	Ratio
25th percentile	£24,757	17:1
50th percentile	£38,253	11:1
75th percentile	£66,527	6:1

Our ratio of 20:1 to the median employee pay is significantly lower than the median of the ratios in other FTSE 350 companies, which is approximately 50:1 based on data disclosed so far. Our Chief Executive's total remuneration package is relatively low compared to other companies of our size, with below-market median salary, zero pension benefit, and relatively low maximum variable pay, to date. It is important to recognise that the ratio is likely to fluctuate from year to year, especially as it is influenced by LTIP vesting value outcomes which vary with share price as well as performance outcomes. There may also be an increase in the future as a result of the changes we are proposing this year to our Directors' Remuneration Policy to bring the quantum of LTIP more in line with market levels.

Directors' share interests (Audited)

Outstanding share options and conditional share awards

The tables below set out details of Executive Directors' outstanding share awards (which will vest in future years subject to performance and/or continued service). The share price at 30 September 2019 was £3.168.

Share options – Deferred Profit Share Plan ('DPSP')

Plan	Grant date	Exercise price	Number of share options as at 1 October 2018	Granted during year[1]	Exercised during year	Lapsed during year	Number of share options as at 30 September 2019	End of performance period	Maturity date	End of exercise period
David Nicol										
DPSP	03/12/2015	0.00p	37,174	–	37,174	–	**–**	n/a	03/12/2018	03/12/2021
DPSP	01/12/2016	0.00p	33,344	–	–	–	**33,344**	n/a	01/12/2019	01/12/2022
DPSP	30/11/2017	0.00p	54,907	–	–	–	**54,907**	n/a	30/11/2020	30/11/2023
DPSP	29/11/2018	0.00p	–	44,715	–	–	**44,715**	n/a	29/11/2021	29/11/2024
Total			125,425	44,715	37,174	–	**132,966**			

1. Options under the Deferred Profit Share Plan were granted, in respect of a portion of the annual bonus earned for performance in FY 2018.

Conditional share awards – Long Term Performance Plan ('LTIP')

Plan	Grant date	Number of share awards as at 1 October 2018	Granted during year[2]	Vested during year[1]	Lapsed during year	Number of share awards as at 30 September 2019	End of performance period	Vesting date
David Nicol								
LTIP[1]	01/12/2016	147,877	–	91,387	56,490	**–**	30/09/2019	01/12/2019
LTIP	14/12/2017	109,536	–	–	–	**109,536**	30/09/2020	14/12/2020
LTIP	29/11/2018	–	131,987	–	–	**131,987**	31/09/2021	29/11/2021
Total		257,413	131,987	91,387	56,490	**241,523**		

1. Actual vesting date is 1 December 2019. Figures shown are the number of shares vested at the end of the three-year performance period, 30 September 2019.
2. The Chief Executive received awards under the LTIP with a face value of 100% of base salary. The awards are subject to the performance conditions as set out in last year's Remuneration Report. 25% of the award vests for threshold performance and 100% for stretch performance.

Share Award Agreement ('SAA')

Plan	Grant date	Number of share awards as at 1 October 2018	Granted during year	Vested during year	Lapsed during year	Number of share awards as at 30 September 2019	Vesting date
Siobhan Boylan							
SAA	29/03/2019	–	38,416	38,416	–	**–**	14/05/2019
SAA	29/03/2019	–	63,415	–	–	**63,415**	30/04/2020
SAA	29/03/2019	–	45,810	–	–	**45,810**	30/04/2021
SAA	29/03/2019	–	32,278	–	–	**32,278**	02/05/2022
SAA	29/03/2019	–	7,287	–	–	**7,287**	29/03/2022
Total		–	187,206	38,416	–	**148,790**	

Share awards granted to Siobhan Boylan during the year to replace the share awards forfeited on leaving her previous employer. These awards will vest from 2019 to 2022. Please see note 28 to the Financial Statements for more information.

Beneficial interests

To further align the interests of Executive Directors with shareholders, Executive Directors are required to build up a shareholding within five years of appointment date (21 March 2013 for David Nicol and 4 March 2019 for Siobhan Boylan). The current minimum shareholding requirement for the Chief Executive is 150% of base salary and the minimum shareholding requirement for the Chief Financial Officer is 100% of base salary. There is a proposal to increase this to 200% of base salary for both Executive Directors in the new Directors' Remuneration Policy.

Shares that count towards these requirements include shares owned outright by the Executive Director, the amount equal to the net of tax value of unvested awards granted under the deferred bonus (DPSP) as they are unfettered by performance criteria, and net of tax LTIP share awards that have vested and been retained.

Director	Beneficially owned as at 30 September 2019[1]	Percentage of shareholding target held[2,5]	Outstanding DPSP awards	Outstanding LTIP awards	Share Award Agreement	Beneficially owned as at 22 November 2019	Beneficially owned as at 30 September 2018
Kath Cates	5,587	n/a	–	–	–	5,587	5,587
Siobhan Boylan[3]	53,400	128%	–	–	148,790	53,400	–
Ian Dewar	6,358	n/a	–	–	–	6,358	6,358
Mike Kellard[1]	5,493	n/a	–	–	–	5,493	5,493
Simon Miller	80,000	n/a	–	–	–	80,000	80,000
David Nicol	207,215	213%	132,966	241,523	–	207,319[4]	136,090
Simonetta Rigo	6,000	n/a	–	–	–	6,000	6,000
Caroline Taylor	10,000	n/a	–	–	–	10,000	10,000
Paul Wilson	8,596	n/a	–	–	–	n/a	8,596

1. Holdings as at year end or date of appointment/resignation if relevant.
2. Includes 53% of outstanding DPSP options and 53% of the 2016 LTIP award which will vest at 61.8% on 1 December 2019 but met its performance criteria on 30 September 2019. These are included on a net of tax basis.
3. Siobhan Boylan was appointed on 4 March 2019. Her shareholding includes shares awarded under the Share Award Agreement column, which replaces the shares forfeited on leaving her former employer.
4. The increase of 104 shares was as a result of two monthly Share Incentive Plan purchases.
5. The percentage shown is based on the current minimum shareholding requirements that apply.

Deferred bonus

The Executive Directors receive part of their annual variable pay under the DPSP as a deferred award in Company shares, normally in the form of a nil-cost option. The option vests and becomes exercisable three years from the date of grant.

Share Incentive Plan ('SIP')

Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Group ('Partnership Shares'). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one Matching Share up to a total value of £20. These shares are held in an employee benefit trust (the 'Trust'). Market purchase shares are used to satisfy all shares purchased under the SIP and it is the intention of the Directors to continue this practice for the forthcoming financial year.

Dilution

By agreement with shareholders, the aggregate number of shares which may be issued at any date of grant, when aggregated with shares issued or issuable pursuant to options or awards granted in the preceding 10 years under any employee share plan operated by the Group, shall not exceed 10% of the issued share capital. Within this 10% limit, the aggregate number of shares which may be issued under discretionary schemes targeted at executives and other key roles shall not exceed 5% of the issued share capital in any 10-year rolling period. The current cumulative dilution level over the 10-year period to 30 September 2019 is 1.33%.

Material contracts with Directors

There were no material contracts between the Group and the Directors, except for their contracts of employment or letters of appointment. The Directors undertake transactions in stocks and shares in the ordinary course of the Group's business for their own account. The transactions are not material to the Group in the context of its operations. £nil was outstanding in respect of these transactions at 30 September 2019 and 30 September 2018.

Total pension entitlements

Executive Directors may opt to waive part of their salary and receive an equivalent defined pension contribution instead. They may also receive part of their annual bonus in the form of pension contribution. David Nicol has not made contributions to the scheme and does not receive any benefits under the scheme. Siobhan Boylan receives the statutory minimum contribution of 3% of her qualifying earnings.

Defined benefit pension scheme

Entry to the Group defined benefit pension scheme was withdrawn in 2004 for new employees.

Death-in-service benefits

Executive Directors are eligible for death-in-service benefit cover which is equal to six times their individual base salary. David Nicol has elected not to receive this benefit.

Private Medical Insurance ('PMI')

Executive Directors are eligible for PMI cover at a rate of single cover. They may elect to add dependants to the policy at their own cost.

Group Income Protection ('GIP')

Executive Directors are eligible for GIP cover at the rate of 25% of their base salary. They may elect to increase this cover to 50% of base salary at their own cost. David Nicol has elected not to receive this benefit.

Relative importance of the spend on pay (Audited)

	2019 '000	2018 '000	Change
Staff costs	**£166,830**	£157,268	6.1%
Dividends	**£48,394**	£45,081	7.3%

Average salary per employee has increased by 1.9% and the average bonus per employee has reduced by 11.33% respectively (see page 73).

External advisers

The Remuneration Committee is advised by the Executive Compensation Practice of Aon plc, appointed by the Committee. Aon is a member of the Remuneration Consultants Group and abides by its code of conduct which requires its advice to be impartial and objective. Aon has no other connections with the Group. The total fees paid to Aon in respect of its services to the Committee during the year were £124,318.

External directorships

Details of external directorships held by the Executive Directors during the year and any fees that they received in respect of their services are shown below:

Executive Director	**Company**	**Position**	**2019**	**2018**
David Nicol	Hermes Property Unit Trust	Chair of appointment committee	**£40,000**	£40,000

Statement of shareholder voting

The Directors' Annual Report on Remuneration received the following votes from shareholders at the 2019 AGM:

	No.	%
Votes cast in favour	189,513,759	95.55
Votes cast against	8,817,409	4.45
Total votes cast	198,331,168	
Abstentions	4,766,637	

How the new policy will be applied from 2020 onwards

Fees for the Chairman and the Non-Executive Directors

As detailed in the Policy, the Group's approach to setting Non-Executive Directors' remuneration is with reference to the market levels in similar-sized FTSE companies, levels of responsibility and time commitments.

The Non-Executive Directors' fees were reviewed during the year. Following a review by the Chairman, Chief Executive and CFO in 2019, the Board agreed to increase the Non-Executive Directors' base fee to £62,000 (the last increase was January 2017) and Committee chairs to receive a fee of £15,000 per annum, with effect from 1 October 2019. The Remuneration Committee agreed to increase the Chairman's fee to £200,000 with effect from 1 October 2019.

	30 September 2019	30 September 2018	Change in fees
Chairman	**£180,000**	£180,000	–
Base fee	**£60,000**	£60,000	–
Senior Independent Director	**£10,000**	£10,000	–
Committee chair	**£10,000-£15,000**	£10,000-£15,000	–

Performance targets for the 2019/20 annual bonus and LTIP awards to be granted in the 2020 financial year

For the 2020 financial year, the annual bonus will be based on performance against a balanced scorecard comprising three key performance areas.

Key performance areas	Weighting (each measured independently)
Adjusted PBT[1]	30%
Organic discretionary funds net inflows	30%
Non-financial targets	40%

1. See explanation of adjusted performance measures on page 34.

Targets for the 2019/20 annual bonus will be disclosed in next year's Annual Report on Remuneration.

The LTIP awards to be granted in the 2020 financial year will be subject to two separate performance metrics shown below, each accounting for one-half of the award. The targets have been set with reference to market consensus and internal medium-term plans. There is also a general underpin that the Committee will assess the overall health of the business and whether prudent risk management has been applied and may scale back the vesting level if it considers this to be appropriate.

LTIP performance metric	Weighting (each measured independently)	Threshold (25% vesting)	Stretch (100% vesting)	Measurement period
Adjusted EPS CAGR	50%	5%	15%	CAGR measured over the three financial years 2019/20, 2020/21 and 2021/22 using 2018/19 as the base year.
Average annual organic discretionary net funds growth	50%	2.5%	7.5%	Average over the three financial years 2019/20, 2020/21 and 2021/22.

Proposed Directors' Remuneration Policy (the 'Policy')

This Policy describes the policies, principles and structures that provide the parameters for the Remuneration Committee's decision-making in executive remuneration. The current Policy was approved by the shareholders at the 2017 AGM and has applied to FY2017-2019. The Committee carried out a detailed review of the current Policy during 2019, taking into account the 2018 UK Corporate Governance Code and feedback received during the year.

Following the review, the Committee decided to propose a number of amendments to the Policy to ensure the Policy continues to be in line with best practice and shareholder expectations. If approved, the amended Policy will apply to awards in respect of the 2020 performance year onwards for all Executive Directors. A summary of the proposed amendments to the current Policy is provided below:

- Increase our Minimum Shareholding Requirement to 200% of base salary for all Executive Directors, from the current levels of 150% of base salary for the Chief Executive and 100% of base salary for the Chief Financial Officer.
- Introduce a post-employment Minimum Shareholding Requirement to apply for two years post-cessation.
- Reduce the bonus payout for on-target performance to 60% of maximum bonus from the current level of 67%, whilst leaving the maximum annual bonus unchanged at 150% of base salary.
- Increase the maximum LTIP payout to 150% of base salary from the current level of 100% of base salary. Note that the current Policy already allows for LTIP awards of up to 150% of base salary in exceptional circumstances.

Remuneration principles and objectives

The primary objectives of the Policy are:

- To attract, retain and motivate talented executives of the calibre required to manage the business successfully, whilst seeking to avoid paying more than is necessary to meet this objective.
- To motivate and reward good performance.
- To meet relevant regulatory requirements, including the requirements of the FCA Remuneration Code so far as these apply to the Group.

The main principles of the Policy are:

- To ensure that total remuneration is set at a level that is market competitive by benchmarking against relevant external comparators, taking account of size, complexity and sector, and to ensure that the overall package takes account of market practice.
- To maintain appropriate proportions of fixed and performance-related pay, to help to drive performance over the short and longer term, maintain a flexible cost base, and avoid creating incentives for excessive risk taking.
- To align incentive plans with the business strategy, prudent risk management and shareholder interests.
- To achieve consistency with the general remuneration philosophy applied to the Group's employees as a whole.

Proposed Remuneration Policy for Executive Directors

<table>
<tr><th>Element</th><th>Purpose and link to short and long-term strategy</th><th>Operation, performance measures and periods, deferral and clawback</th><th>Maximum opportunity</th></tr>
<tr><td>Fixed pay</td><td>Provides a level of fixed remuneration sufficient to recruit and retain necessary talent, and to permit a zero variable pay award should that be appropriate.</td><td>Executive Directors receive a base salary plus Private Medical Insurance (PMI) at single cover. They are eligible to participate in the Group Death in Service insurance, plus the Group Income Protection (GIP) in line with other employees. In addition, they can elect to purchase additional PMI and GIP benefits from net salary.

Executive Directors can choose to sacrifice salary into the Group's defined contribution pension scheme. The Company does not provide any other pension allowance for contribution for the Executive Directors other than the statutory auto-enrolment minimum. The Company can reimburse Directors' reasonable business expenses (including tax thereon if applicable).

Individual levels of base salary are reviewed annually, with any increases normally effective from 1 January, unless there are exceptional reasons for an increase at another time of the year.

Any increases are generally targeted at around the general level of salary inflation in the Group, but may vary from this for exceptional reasons such as a change in the individual's role or responsibilities, or a need to bring an individual's remuneration to a market competitive level.</td><td>Base salary is benchmarked against relevant peers, and is targeted to be not more than the approximate median of relevant comparators.</td></tr>
<tr><td>Annual variable pay (Discretionary)</td><td>Rewards annual Group and personal performance, and, through the use of deferral into shares, also aligns reward with longer-term performance.</td><td>Performance measures, targets and weightings are reviewed annually and set in line with the annual business plan. Actual measures and weightings may change from year to year to reflect the business priorities at that time.

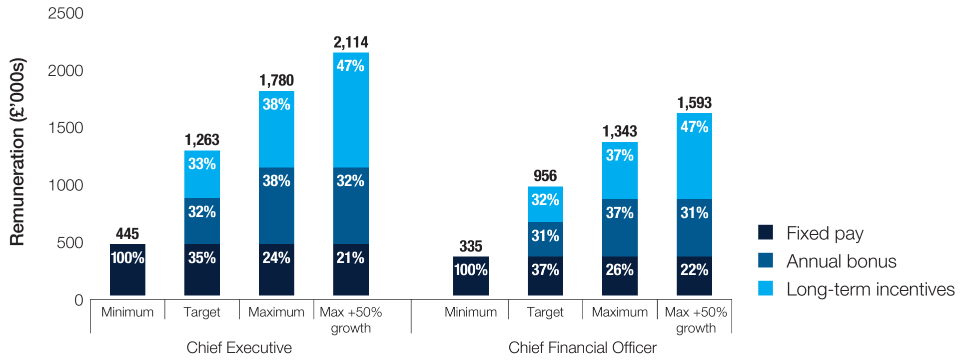
<table><tr><th>Portion of annual bonus</th><th>What fraction is deferred?</th></tr><tr><td>Up to £50,000</td><td>None</td></tr><tr><td>Between £50,000 and 1 x fixed remuneration</td><td>One-third</td></tr><tr><td>Above 1 x fixed remuneration</td><td>Two-thirds</td></tr></table>
The Committee has the discretion to override formulaic bonus outcomes, where necessary, under both the financial and non-financial performance metrics, to take account of wider factors.

Malus and clawback provisions may apply in exceptional situations, such as misstatement of performance, failure of risk management, serious misconduct, serious reputational damage, corporate failure resulting from executive actions or failure to act.</td><td>The maximum individual award of annual variable pay is 150% of base salary.

60% of maximum opportunity may be payable for on-target performance (previously 67%).</td></tr>
</table>

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
LTIP (Discretionary)	Rewards achievement of long-term performance objectives.	Executive Directors will be eligible to be considered each year for a conditional award of shares, which will vest in one tranche, normally no earlier than three years from the date of award. Vesting will be subject to performance conditions and targets set prior to each grant by the Committee. These performance conditions will be related to financial performance (e.g. EPS growth and net discretionary funds flow) and will be aligned to the business strategy. For each performance metric used, there will be a threshold level of performance at which no more than 25% of the portion of the award relating to that KPI will vest, and a stretch level of performance, at which 100% of the portion of the award relating to that KPI will vest. Executive Directors will be required to hold net of tax vested shares for a period of two years following vesting. The Committee has the discretion to override formulaic LTIP vesting outcomes, where necessary, taking account of the overall or underlying Company performance. Malus and clawback provisions may apply in exceptional situations, such as misstatement of performance, failure of risk management, serious misconduct, serious reputational damage, corporate failure resulting from executive actions or failure to act.	The maximum annual award under the LTIP is 150% of base salary (in face value of shares at grant). Previously the maximum was 100% or 150% in exceptional circumstances.
Minimum Shareholding Requirement	To ensure alignment of the long-term interests of Executive Directors and shareholders	Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary, normally within five years of appointment. Previously the requirements were 150% for CEO and 100% for CFO.	n/a
Post-employment Shareholding Requirement	To ensure alignment of Executive Directors post-cessation and shareholder interests	Executive Directors are required to maintain a shareholding of 200% of base salary (or the actual holding on departure, if lower) for the first year post-cessation, and 100% of base salary for the second year (or the actual holding on departure, if lower). The Committee has discretion to make adjustments to the post-employment shareholding requirement in exceptional circumstances.	n/a

Illustrations of the application of Remuneration Policy



The potential reward opportunities illustrated above were calculated using base salary effective from 1 January 2019. Illustrations are intended to provide further information to shareholders regarding the pay for performance relationship; however, actual pay delivered will be influenced by changes in share price and the vesting period of awards. The assumptions below have been made in compiling the above charts:

Assumption	Minimum	Target	Maximum
Fixed pay	Total fixed remuneration.	Total fixed remuneration.	Total fixed remuneration.
Annual bonus	No annual bonus payable.	On-target annual bonus of 90% of base salary.	Maximum annual bonus of 150% of base salary.
LTIP	Zero vesting – threshold not achieved.	Share award of 150% of base salary. On-target vesting (62% of award).	Share award of 150% of base salary. Full vesting (100% of award).

Remuneration Committee discretion

The Committee will operate the incentive plans according to the rules of each respective plan, and consistent with normal market practice and the Listing Rules, where relevant. The Committee has flexibility in a number of areas regarding the operation and administration of these plans, subject to the plan rules, including (but not limited to) the following:

- Participants in the plans;
- Timing of awards, payments and vesting;
- The size of an award or a payment, or the level of vesting, taking account of the overall or underlying Company performance;
- The treatment of awards in the event of change of control or restructuring of the Group;
- Whether a Director is a good or bad leaver for incentive plan purposes and the extent of, and timing of, any vesting; and
- How and whether an award or performance condition may be adjusted in certain exceptional circumstances (for example, in the event of extreme share price movement).

How the views of shareholders are taken into account

The Remuneration Committee compares the Policy with shareholder guidelines and takes account of shareholder voting. The Remuneration Committee Chair consults with major investors ahead of any material changes to the Policy and, along with the Company Secretary, is available to meet with institutional shareholders to discuss any of the policy-related disclosures or outcomes contained in this Directors' Remuneration Report.

Details of votes cast for and against the resolution to approve last year's Remuneration Report are provided on page 76.

Consideration of employment conditions elsewhere in the Group

A consistent remuneration philosophy for employees is applied at all levels and the aggregate rate of base salary increase for all employees is one of the factors considered when determining increases in fixed pay for Directors. All employees are eligible for discretionary performance-related annual bonuses and the principle of bonus deferral applies to employees whose bonuses exceed certain thresholds. A formal employee consultation on remuneration is not operated; however, employees are able to provide direct feedback on the Group's remuneration policies to their managers or the Human Resources department and as part of an annual employee engagement survey. The Group Human Resources Director is a standing attendee at Remuneration Committee meetings and presents regular reports on people strategy, including the effectiveness of the Group's remuneration policies and how they are viewed by employees.

Caroline Taylor was appointed during the year as the Non-Executive Director responsible for employee engagement and she will report her findings to the Board.

Fixed ratios between the total remuneration levels of different roles in the Group are not applied, as this would prevent us from recruiting and retaining the necessary talent in a highly competitive employment market.

Benchmarking

The Remuneration Committee takes account of market benchmark data when setting total remuneration packages for Executive Directors and comparisons are made with other FTSE listed companies of similar size and business profile to the Group. Practices in the wealth management sector and other related sectors are also considered. Benchmark data is used as a reference point, alongside other factors such as the individual's role, experience and performance, rather than as a direct determinant of pay levels.

Differences in remuneration policy for Executive Directors compared to other employees

The approach to remuneration for the Executive Directors is generally consistent with that for employees across the Group as a whole. However, there are some differences which the Remuneration Committee believes are necessary to reflect the different responsibilities of employees across the Group, and the need to recruit, retain and motivate employees in a variety of roles. For example, below Executive Director level, the portion of annual variable pay that is deferred is structured differently and is capped at one-third rather than the two-thirds deferral that applies to Executive Directors. Awards of market purchased shares are made to selected individuals from time to time, excluding Executive Directors, which vest subject to continued service, to recognise individuals' value to the Group and to create further alignment with shareholders.

External non-executive director positions

Executive Directors are permitted to serve as non-executive directors of other companies, as this can help to broaden the skills and experience of the Director, provided there is no competition with the Group's business activities and where these duties do not interfere with the individual's ability to perform their duties for the Group. The number of external directorships an Executive Director can hold is limited to two non-executive directorships. Where an outside appointment is accepted in furtherance of the Group's business, any fees received are remitted to the Group. If the appointment is not connected to the Group's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new Executive Director appointments

The remuneration package for a new Executive Director is set in accordance with the terms and maximum levels of the Group's approved remuneration policy in force at the time of appointment. The Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Group and shareholders, for the purpose of replacing awards or potential foreseeable earnings which are forgone by the individual on becoming an Executive Director. This includes the use of awards made under 9.4.2 of the Listing Rules. In considering any such payments the Remuneration Committee would take account of the amount of remuneration forgone and the nature, vesting dates and any performance requirements attached to the remuneration forgone. Shareholders will be informed of any such payments and the rationale for these. For an internal appointment, any deferred pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, ongoing remuneration obligations existing prior to appointment may be permitted to continue where this is considered to be in the best interests of the Group and shareholders. For external and internal appointments, the Group may meet certain relocation expenses as appropriate.

Service contracts and loss of office payments

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination.

In summary, the contractual provisions are:

Provision	Detailed terms
Notice period	Six months.
Termination payment in the event of termination by the Company without due notice	Total fixed pay in respect of the unexpired period of contractual notice, in addition to any amounts to which they are legally entitled. In certain cases the Committee may also consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Group, although not for the period of any payment in lieu of notice or 'garden leave'.
Change of control	Same terms as above on termination.

The Group has power to enter into settlement agreements with executives and to pay compensation to settle potential legal claims. Any outstanding share-based entitlements granted to an Executive Director under the Group's LTIP or other share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied. In such cases, the normal practice, unless there are exceptional circumstances, is for any LTIP awards held to be pro-rated for the period of the performance period that has expired, and the performance conditions would continue to apply. Share awards under the DPSP will vest in full on the original vesting schedule. An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Legacy arrangements

For the avoidance of doubt, the Directors' Remuneration Policy includes authority for the Group to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Remuneration Reports. Details of any payments to former Directors will be set out in the implementation section of this report as they arise.

Policy for the Chairman and other Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum
Chairman fee	To pay a market competitive all-inclusive fee that takes account of the role and responsibilities.	The Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably-sized FTSE companies, without the Chairman being present.	The maximum aggregate fee for Non-Executive Directors is as listed in the Articles of Association. This is subject to change periodically though any increase in aggregate fee would be subject to approval by shareholders.
Non-Executive Director fees	To pay a market competitive basic fee, and supplements for significant additional responsibilities such as Committee Chairmanships.	The Non-Executives are paid a basic fee. There are also supplements for Committee Chairmanships and the Senior Independent Director. The fee levels are reviewed periodically by the Chairman and Executive Directors.	As above.

Non-Executive Directors are engaged under letters of appointment; they do not have contracts of service and are not entitled to compensation on early termination of their appointment. The Group can reimburse Non-Executive Directors' reasonable business expenses (including tax thereon if applicable).

Compliance with the FCA Remuneration Code

The Remuneration Committee regularly reviews its Remuneration Policy's compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. The Remuneration Policy is designed to be consistent with the prudent management of risk and the sustained long-term performance of the Group.

This Directors' Remuneration Report, including both the Policy and Annual Remuneration Report, has been approved by the Board of Directors.

Caroline Taylor
Chairman of the Remuneration Committee

26 November 2019

Index to principal Directors' Report and Listing Rule disclosures

Relevant information required to be disclosed in the Directors' Report and as set out in Listing Rule 9.8.4 R (information to be included in the Annual Report and Accounts) may be found in the following sections:

Information	Section in Annual Report	Pages
Business Review	Strategic Report	14-17, 20-21
Principal Risks and Uncertainties	Strategic Report	28-32
Disclosure information to auditor	Directors' Report	86
Directors in office during the year	Corporate Governance Report	46-47
Dividend recommendation for the year	Chairman's Statement	4
Directors' Insurance	Directors' Report	84
Corporate Responsibility	Strategic Report	41-43
Greenhouse gas emissions	Directors' Report	85
Risk management objectives and policies	Note 27 to the Financial Statements	144
Future developments of the Company	Strategic Report	14-19
Employment policies and employee involvement	Strategic Report	39-43
Non-financial information statement	Strategic Report	43
Structure of share capital, including restrictions on the transfer of securities, voting rights and significant shareholders	Directors' Report	83
Rules governing the appointment of Directors	Corporate Governance Report	57
Powers of Directors	Corporate Governance Report	51
Rules governing changes to the Articles of Association	Directors' Report	84
Shareholder waiver of dividends	Note 23 to the Financial Statements	138

Relevant information related to Companies (Miscellaneous Reporting) Regulations 2018 may be found in the following sections:

- Stakeholder Engagement, Corporate Governance Report page 55.
- Employee Engagement, Corporate Governance Report page 48.

The above information is incorporated by reference and together with the information on pages 83 to 86 forms the Directors' Report in accordance with section 415 of the Companies Act 2006.

Strategic Report

The Strategic Report is set out on pages 4 to 43 and was approved by the Board on 26 November 2019. It is signed on behalf of the Board by David Nicol, Chief Executive.

Cautionary statement

The review of the business and its future development in the Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of these reports and should be treated with caution due to inherent uncertainties associated with such statements. The Directors, in preparing the Strategic Report, have complied with section 417 of the Companies Act 2006.

Share capital

Details of the Company's authorised and issued share capital, together with details of the movements therein, are set out in note 23 to the Financial Statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

The Company has one class of Ordinary Shares which carry no right to fixed income. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Employee share plans

Details of employee share plans are set out in note 28 to the Financial Statements. Under the rules of the Group's Share Incentive Plan ('SIP'), shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustee'). Voting rights are exercised by the Trustee on receipt of a participant's instructions; if no such instruction is received by the Trustee then no vote is registered. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Articles of Association

The Articles of Association may be amended by special resolution of the shareholders.

Substantial shareholdings

As at 30 September 2019, the Company had received notifications in accordance with the FCA's Disclosures and Transparency Rule 5.1.2 of the following interests of 3% or more in the voting rights of the Company.

Shareholder	Number of voting rights	% of voting rights
Kabouter Management LLC	16,560,820	5.84%
Royal London Asset Management	17,178,725	5.67%
Henderson Group PLC	14,426,962	5.09
Aberforth Partners	14,390,759	5.08%
FIL Investment International	12,477,394	5.00%
Janus Henderson Group PLC	Below 5%	Below 5%
BlackRock, Inc.	Below 5%	Below 5%
FIL Limited	14,092,698	4.97%
J O Hambro Capital Management	13,847,348	4.89%
Legal & General	8,563,901	3.99%
Kames Capital	8,756,747	3.08%

Annual General Meeting

The AGM will be held at 11.30am on 7 February 2020 at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ.

Purchase of own shares

At the AGM on 1 February 2019, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum of 10% of its issued Ordinary Shares. This resolution remains valid until the conclusion of the next AGM in 2020. As at 26 November 2019 the Directors had not used this authority.

Directors' Insurance

The Group has in place a Directors and Officers Liability Insurance Policy which provides cover for the personal liability which the Company's directors and officers may face. This remains in force at the date of this report.

Employees

The average number of persons, including Directors, employed by the Group and their remuneration is set out in note 7 to the Financial Statements. Other information about the Group's employee engagement, diversity and inclusion policies is set out in the Our People and Corporate Responsibility Reports starting on page 39. The Group-wide gender diversity split as at 30 September 2019 was 45% female and 55% male.

Internal control and risk management

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board considers that the information it receives enables it to review the effectiveness of the Group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Areas where internal controls can be improved are identified and appropriate actions agreed as part of our internal control systems. Senior management, the Board and the Audit Committee regularly monitor progress towards completion of these actions. The Board considers that none of the identified areas for improvement constitute a significant failing or weakness.

Greenhouse Gas Emissions ('GHG')

The Group recognises and strives to minimise its impact on the environment. As a financial services provider, our main environmental focus is on our network of offices and employee travel.

Global GHG emissions for the period ended 30 September 2019

Emissions from:	**T CO_2e GWP Scope 1,2,3 2018-2019**	T CO_2e GWP Scope 1,2,3 2017-2018
Combustion of fuel & operation of facilities	**390**	577
Electricity purchased for own use	**875**	1,034
Fugitive emissions – refrigerant losses	**–**	–
Mobile combustion – business travel from leased assets	**20**	20
Total emissions	**1,285**	1,631
Company's chosen intensity measurement: Emissions per full-time employee	**0.63**	1.0

The reduction in electricity emissions comes mainly from a lower emission factor being relevant, whilst the reduction in combustion of fuel and operations of facilities is because we carried out an audit of locations and removed estimated emissions from gas for those where no gas was found to be used. Our FTE figure has grown this year, so these are pleasing results.

General methodology and additional information

The table above reports our annual GHG emissions from sources as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statement. We have included most of the emission sources that we have responsibility for but have omitted some emission sources based on materiality and a lack of data. Details of the emissions which we have omitted are given in the "Emission sources not reported" section below. The Scope 2 emissions calculations for purchased electricity follow the location-based methodology of the GHG Protocol.

This is our sixth year of reporting as a quoted company under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. We have used SoFi software, from thinkstep, to gather energy use data (natural gas and electricity) as well as data on hydrofluorocarbons and upstream leased assets and have applied emission factors from the August 2019 update to the Defra impact profile in SoFi. For Brewin Dolphin's international operations (i.e. Dublin), please note, Defra is no longer including IEA's factors for international electricity consumption in their own dataset. Thinkstep negotiated an agreement with the IEA that allows them to continue to include IEA factors in the SoFi Impact libraries. These factors are the most up-to-date IEA overseas emission factors currently available which date back to country-specific physical consumption of the electricity in 2015.

In this reporting year (2018/2019) no fugitive emissions, i.e. emissions from refrigerant losses, occurred as there have not been any replacements of our Direct Expansion systems.

As in the previous reporting year, emissions from mobile combustion related to business travel was estimated to amount to an average of 30% of total mileage. This is our own conservative assumption.

Emission sources not reported

This section of the report details the emission sources that we have not reported on and provides the reasons behind our decisions. Only some of the offices we operate directly make use of gas and we have included this in our emissions from combustion of fuel. We do not have distinct data on heat/steam for our other offices as this is most likely embedded in the office service charges that we pay. As a result, we have not currently reported on purchased heat or steam. In future we will devise a methodology to estimate the emissions associated with heating requirements that we are responsible for.

Data quality for electricity and gas consumption

Our data for electricity as well as gas consumptions comes from two main sources;

- consumption bills from suppliers/reports from property agents etc (exact data); and
- our approximations based on exact data (estimated data).

We have used estimated data in some cases because we were unable to get complete data for all our offices for the current reporting period. The section below details the approach that we have taken to fill the gaps in consumption data.

We identified that there were some offices that had incomplete electricity or gas consumption figures for certain months over the current reporting period. In such situations, we chose the following approach to estimate the consumption data for the missing months. We identified the month(s) in the dataset with electricity consumption, calculated the daily consumption figure and applied this daily figure to the month(s) that had missing data.

In some other cases, there were offices that we had no electricity and or gas consumption data for. In these situations, we used an average consumption intensity per square foot across offices with reliable data in the current reporting period. We then used these average annual consumptions per square foot intensities to estimate the annual electricity/gas consumption of the offices with no electricity/gas consumption data, based on individual floor areas.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's 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.

Independent Auditor

The auditor, Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM.

Approved for and on behalf of the Board.

Tiffany Brill
Company Secretary
Brewin Dolphin Holdings PLC
Company Number: 02685806

26 November 2019

Statement of Directors' Responsibility

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS and have also chosen to prepare the parent company Financial Statements under IFRSs adopted by the EU. 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 Company and of the profit or loss of the Company for that period.

In preparing the Parent Company 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and Uncertainties that they face; and
- 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 Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 26 November 2019 and is signed on its behalf by

David Nicol
Chief Executive

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Brewin Dolphin Holdings PLC (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 parent 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year which are consistent with the prior year were: • Revenue recognition; • Impairment of goodwill and client relationships; and • Assumptions underlying the calculation of the pension scheme liability.
Materiality	The materiality that we used for the group financial statements was £3.1m, which was determined on the basis of 5% of profit before tax from continuing operations and is consistent with our approach for the 2018 audit.
Scoping	The scope of our audit covered substantially the entire group, with the following entities in scope, in addition to the parent company: • Brewin Dolphin Limited; • Brewin Dolphin Wealth Management Limited; and • Brewin Dolphin MP.
Significant changes in our approach	There have been no significant changes in our audit approach in 2019.

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the directors' statement in note 3d to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. We considered as part of our risk assessment the nature of the group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
Principal risks and viability statement Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 28-33 that describe the principal risks and explain how they are being managed or mitigated; • the directors' confirmation on page 33 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or • the directors' explanation on page 33 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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 audit 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.

Revenue recognition

Key audit matter description	As detailed in the summary of significant accounting policies in note 3, revenue comprises investment management fees of £239.1m (2018: £233.9m), commissions of £69.1m (2018: £67.8m) and other income of £30.9m (2018: £27.3m). Investment management fees account for approximately 71% of total revenue and are based on a percentage of individual clients' funds under management. There is a risk that incorrect rates or fund valuations are used to calculate management fees. This risk increases where amendments are required to be made to system calculated fees due to the requirement for manual intervention. We have also identified this as a risk relating to fraud.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation and tested the operating effectiveness of relevant controls over the calculation of management fees. This included controls over system generated investment management fees, including associated IT controls and controls over amendments to client fees. We selected a sample of quarterly investment management fee calculations for individual clients and recalculated the system generated amount. We agreed a sample of the rates used to client contracts and the value of funds under management to third party sources including the rationale and authorisation of any amendments to the system generated fee. We reviewed client communications, new accounts and transfers for a sample of clients to challenge the completeness of manual fee amendments.
Key observations	Through our testing, we concluded that management fees were appropriately stated for the year ended 30 September 2019.

Impairment of goodwill and client relationships

Key audit matter description	Historically, the group has expanded through acquisitions leading to the recognition of goodwill and client relationships of £103.2m (2018: £83.2m). As detailed in the summary of significant accounting policies in note 3 and note 13 intangible assets, client relationships are reviewed for indicators of impairment at each reporting date and, if an indicator of impairment exists, an impairment test is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist. The impairment test requires an estimation of the recoverable amount for each of the group's cash-generating units ("CGUs") and where the carrying amount exceeds the recoverable amount an impairment should be recorded. This assessment is based on estimates of the fair value less costs to sell of CGUs based on a percentage of funds under management ("FUM"). The percentages used are inherently judgemental. We have also identified this as a risk relating to fraud. Given the amortisation of client relationships and growth in FUM, the impairment tests at the balance sheet date were not sensitive to reasonably possible changes in the percentages applied to FUM. Consequently, management has determined that the estimation of the percentages applied to FUM is not a "key source of estimation uncertainty". However, given the size of the balance, the level of management judgement in the overall impairment assessment and the amount of audit effort in this area, we still consider this to be a key audit matter.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation and tested the operating effectiveness of relevant controls over the production of funds under management data, designed to ensure its completeness and accuracy. In assessing management's impairment assessment for intangible assets, we have reviewed their methodology for compliance with the requirements of IAS 36 "Impairment of Assets" and challenged the assumptions and judgements made. This included challenging the percentages management applied to market values of FUM to determine fair value, and validating these against percentages derived from recent public acquisitions of fund management businesses and the sensitivity of the impairment assessment to changes in the percentages applied.
Key observations	Through our testing, we concurred with management's assessment that no impairments were required to goodwill or client relationships. We also concurred with management's judgement that the percentages applied to FUM are not a key source of estimation uncertainty.

Assumptions underlying the calculation of the pension scheme liability

Key audit matter description	The group has recognised a defined benefit pension surplus of £17.4m (2018: £11.4m surplus). The net surplus comprises assets of £125.2m and liabilities of £106.9m. The calculation of the liability is sensitive to changes in underlying assumptions and is considered to be a key source of estimation uncertainty for the group as detailed in note 4, disclosed in note 17 and has been considered by the Audit Committee on page 62. The key assumptions are the discount rate, inflation rate and mortality rate where small changes to these assumptions could result in a material change to the pension liability valuation.
How the scope of our audit responded to the key audit matter	In order to evaluate the appropriateness of the assumptions used by management, we evaluated the design and tested the implementation of relevant controls over the review of assumptions and used our own actuarial experts to make direct enquiries of the group's actuary and review the key actuarial assumptions adopted in the IAS 19 ("Employee Benefits") pension valuation. In particular we compared the discount rate, inflation rate and mortality assumptions to our independently determined benchmarks derived using market and other data.
Key observations	Through the work performed, we concluded that the assumptions underlying the pension scheme liability for the year ended 30 September 2019 were within the middle of our range of independently determined reasonable benchmarks.

Our application of 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	Parent company financial statements
Materiality	£3.1m (2018: £3.4m)	£2.6m (2018: £2.5m)
Basis for determining materiality	5% of profit before tax from continuing operations which is consistent with our approach for the prior year audit.	We determined materiality based on 1% of net assets.
Rationale for the benchmark applied	Profit before tax was used as the basis for determining materiality as this is the key metric used by members of the parent company and other relevant stakeholders in assessing financial performance.	The parent company primarily holds the investments in group entities and, therefore, net assets is considered to be the key focus for users of the financial statements.

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 performance materiality was set at 70% of group materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered factors including:

- our risk assessment, including our assessment of the group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of 5% of materiality £156,000 (2018: 5% of materiality £170,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

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.

Based on our understanding of the group-wide control environment, we elected to test controls, including associated IT controls, in the following areas:

- Discretionary investment management fee income;
- Advisory investment management commission income;
- Execution only fee income;
- Other operating costs; and
- Trade debtors and creditors.

The group consists of the main trading subsidiary, Brewin Dolphin Limited along with Brewin Dolphin Wealth Management Limited, Brewin Dolphin MP Limited, and BDDL Limited. We focused our group audit scope primarily on Brewin Dolphin Limited which was subject to a full audit, and Brewin Dolphin Wealth Management Limited and Brewin Dolphin MP were subject to an audit of specified account balances. BDDL limited was scoped out for this year's audit which is consistent with the prior year following the transfer of net assets to Brewin Dolphin Limited.

Our full scope audits and audits of specified balances covered 99% (2018: 99%) of the group's revenue and profit before tax. Our audit of Brewin Dolphin Limited used a component materiality of £3.1m (2018: £3.3m).

The majority of the operations of the group are based in the United Kingdom and are audited by Deloitte LLP. The only exception to this is Brewin Dolphin Wealth Management Limited, an Irish company, which represents less than 3.1% (2018: 2.5%) of revenue and is audited by another Deloitte member firm which is consistent with the prior year.

Other information

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

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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, our procedures included the following:

- enquiring of management, internal audit and the audit committee, including obtaining and reviewing supporting documentation, concerning the group's 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 related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, management override of controls and the impairment of goodwill and client relationships; and
- obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the Financial Conduct Authority's regulations, the UK Companies Act, Listing Rules, pensions legislation and tax legislation In addition, the group's regulatory solvency requirements were considered in assessing the directors' going concern statement.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition and impairment of goodwill and client relationships as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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 relevant laws and regulations discussed above;
- enquiring of management, the audit committee and in-house 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, reviewing internal audit reports and reviewing correspondence with HMRC and the Financial Conduct Authority; 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.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 of the parent 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.

Matters on which we are required to report by exception

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or • the parent company financial statements are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
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 or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Shareholders at the Annual General Meeting in April 2002 to audit the financial statements for the year ended 30 September 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the years ended 30 September 2002 to 2019.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

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.

Robert Topley FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

26 November 2019

Financial Statements

Contents

Consolidated Income Statement

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Revenue	5	**336,301**	326,226
Other operating income	5	**2,808**	2,801
Income		**339,109**	329,027
Staff costs	7	**(184,896)**	(174,822)
Amortisation of intangible assets – client relationships and brand	13	**(6,858)**	(7,619)
Defined benefit pension scheme past service costs	17	**(1,909)**	–
Acquisition costs	26	**(2,337)**	–
Incentivisation awards		**(340)**	(1,318)
Onerous contracts		**(996)**	(170)
FSCS levy refund		**–**	288
Other operating costs		**(80,812)**	(77,506)
Operating expenses		**(278,148)**	(261,147)
Operating profit		**60,961**	67,880
Finance income	9	**1,708**	903
Other gains and losses		**1**	(162)
Finance costs	9	**(146)**	(117)
Profit before tax		**62,524**	68,504
Tax	10	**(14,457)**	(15,008)
Profit for the year		**48,067**	53,496
Attributable to:			
Equity holders of the parent		**48,067**	53,496
		48,067	53,496
Earnings per share			
Basic	12	**17.0p**	19.5p
Diluted	12	**16.6p**	18.9p

Consolidated Statement of Comprehensive Income

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Profit for the year		**48,067**	53,496
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on defined benefit pension scheme	17	**5,601**	3,765
Deferred tax charge on actuarial gain on defined benefit pension scheme	18	**(945)**	(577)
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	19	**1**	–
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**200**	–
Tax on gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**(38)**	–
		4,819	3,188
Items that may be reclassified subsequently to profit and loss:			
Revaluation of available-for-sale investments	19	**–**	2
Reversal of revaluation of available-for-sale investments	19	**–**	106
Deferred tax charge on revaluation of available-for-sale investments	18	**–**	(21)
Loss on cash flow hedge	27	**(24)**	–
Exchange differences on translation of foreign operations		**(67)**	35
		(91)	122
Other comprehensive income for the year net of tax		**4,728**	3,310
Total comprehensive income for the year		**52,795**	56,806
Attributable to:			
Equity holders of the parent		**52,795**	56,806
		52,795	56,806

Consolidated Balance Sheet

As at 30 September 2019

	Note	2019 £'000	As at 1 October 2018[1] £'000	At 30 September 2018 £'000
Assets				
Non-current assets				
Intangible assets	13	**117,246**	85,719	85,719
Property, plant and equipment	14	**10,659**	8,110	8,110
Defined benefit pension scheme	17	**17,373**	11,408	11,408
Net deferred tax asset	18	**–**	4,141	4,141
Total non-current assets		**145,278**	109,378	109,378
Current assets				
Trade and other receivables	16	**216,212**	171,145	171,145
Financial assets at fair value through other comprehensive income	19	**79**	676	–
Available-for-sale investments	19	**–**	–	676
Financial assets at fair value through profit or loss	19	**373**	356	–
Trading investments	19	**–**	–	356
Cash and cash equivalents	20	**229,199**	186,222	186,222
Total current assets		**445,863**	358,399	358,399
Total assets		**591,141**	467,777	467,777
Liabilities				
Trade and other payables	21	**220,921**	176,104	176,104
Current tax liabilities		**6,035**	5,352	5,352
Provisions	22	**4,350**	3,424	3,424
Total current liabilities		**231,306**	184,880	184,880
Net current assets		**214,557**	173,519	173,519
Non-current liabilities				
Trade and other payables	21	**832**	926	926
Shares to be issued	13	**3,668**	–	–
Net deferred tax liability	18	**2,699**	–	–
Provisions	22	**14,933**	8,234	8,234
Total non-current liabilities		**22,132**	9,160	9,160
Total liabilities		**253,438**	194,040	194,040
Net assets		**337,703**	273,737	273,737
Equity				
Share capital	23	**3,032**	2,834	2,834
Share premium account	23	**58,238**	152,477	152,477
Own shares	24	**(25,214)**	(26,060)	(26,060)
Hedging reserve	25	**(24)**	–	–
Revaluation reserve	25	**3**	2	2
Merger reserve	25	**70,553**	70,553	70,553
Profit and loss account		**231,115**	73,931	73,931
Equity attributable to equity holders of the parent		**337,703**	273,737	273,737

1. Presented following the adoption of IFRS 9 Financial Instruments – see notes 2 and 32 for more detail.

Approved by the Board of Directors and authorised for issue on 26 November 2019.

Signed on its behalf by

David Nicol
Chief Executive

Siobhan Boylan
Chief Financial Officer

Consolidated Statement of Changes in Equity

Year ended 30 September 2019

	Attributable to the equity holders of the parent							
	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account[1] £'000	Total £'000
At 30 September 2017	2,833	152,320	(25,921)	–	(85)	70,553	62,876	262,576
Profit for the year	–	–	–	–	–	–	53,496	53,496
Other comprehensive income for the year								
Deferred and current tax on other comprehensive income	–	–	–	–	(21)	–	(577)	(598)
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	–	3,765	3,765
Revaluation of available-for-sale investments	–	–	–	–	108	–	–	108
Exchange differences on translation of foreign operations	–	–	–	–	–	–	35	35
Total comprehensive income for the year	–	–	–	–	87	–	56,719	56,806
Dividends	–	–	–	–	–	–	(41,599)	(41,599)
Issue of share capital	1	157	–	–	–	–	–	158
Own shares acquired in the year	–	–	(13,507)	–	–	–	–	(13,507)
Own shares disposed of on exercise of options	–	–	13,368	–	–	–	(13,368)	–
Share-based payments	–	–	–	–	–	–	8,915	8,915
Tax on share-based payments	–	–	–	–	–	–	388	388
At 30 September 2018	2,834	152,477	(26,060)	–	2	70,553	73,931	273,737
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**48,067**	**48,067**
Other comprehensive income for the year								
Deferred and current tax on other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(983)**	**(983)**
Actuarial gain on defined benefit pension scheme	**–**	**–**	**–**	**–**	**–**	**–**	**5,601**	**5,601**
Fair value movement on investments in equity instruments designated as at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**200**	**200**
Loss on cash flow hedge	**–**	**–**	**–**	**(24)**	**–**	**–**	**–**	**(24)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(67)**	**(67)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(24)**	**1**	**–**	**52,818**	**52,795**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(45,986)**	**(45,986)**
Issue of share capital	**2**	**95**	**–**	**–**	**–**	**–**	**–**	**97**
Placing of shares	**196**	**58,181**	**–**	**–**	**–**	**–**	**–**	**58,377**
Own shares acquired in the year	**–**	**–**	**(8,898)**	**–**	**–**	**–**	**–**	**(8,898)**
Own shares disposed of on exercise of options	**–**	**–**	**9,744**	**–**	**–**	**–**	**(9,744)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**7,769**	**7,769**
Share premium reduction (see note 23)	**–**	**(152,515)**	**–**	**–**	**–**	**–**	**152,515**	**–**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**(188)**	**(188)**
At 30 September 2019	**3,032**	**58,238**	**(25,214)**	**(24)**	**3**	**70,553**	**231,115**	**337,703**

1. A cumulative debit of £81k has been recognised in the profit and loss account reserve as at 30 September 2019 for exchange differences on translation of foreign operations (2018: £14k debit, 2017: £49k debit).

Company Balance Sheet

As at 30 September 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investment in subsidiaries	15	**192,215**	188,491
Total non-current assets		**192,215**	188,491
Current assets			
Trade and other receivables	16	**38,967**	72,679
Cash and cash equivalents	20	**47,000**	1,445
Total current assets		**85,967**	74,124
Total assets		**278,182**	262,615
Liabilities			
Current liabilities			
Trade and other payables	21	**13,039**	11,700
Total current liabilities		**13,039**	11,700
Net current assets		**72,928**	62,424
Non-current liabilities			
Shares to be issued		**3,668**	–
Total non-current liabilities		**3,668**	–
Total liabilities		**16,707**	11,700
Net assets		**261,475**	250,915
Equity			
Share capital	23	**3,032**	2,834
Share premium account	23	**58,238**	152,477
Own shares	24	**(25,214)**	(26,060)
Hedging reserve	25	**(24)**	–
Merger reserve	25	**70,838**	70,838
Profit and loss account	25	**154,605**	50,826
Equity attributable to equity holders		**261,475**	250,915

Approved by the Board of Directors and authorised for issue on 26 November 2019.

Signed on its behalf by

David Nicol
Chief Executive

Siobhan Boylan
Chief Financial Officer

Brewin Dolphin Holdings PLC
Company Number: 02685806

Company Statement of Changes in Equity

Year ended 30 September 2019

	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
	Attributable to the equity holders of the Company						
At 30 September 2017	2,833	152,320	(25,921)	–	70,838	35,485	235,555
Profit for the year	–	–	–	–	–	61,393	61,393
Total comprehensive income for the year	–	–	–	–	–	61,393	61,393
Dividends	–	–	–	–	–	(41,599)	(41,599)
Issue of share capital	1	157	–	–	–	–	158
Own shares acquired in the year	–	–	(13,507)	–	–	–	(13,507)
Own shares disposed of on exercise of options	–	–	13,368	–	–	(13,368)	–
Share-based payments	–	–	–	–	–	8,915	8,915
At 30 September 2018	2,834	152,477	(26,060)	–	70,838	50,826	250,915
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(775)**	**(775)**
Other comprehensive expense for the year							
Loss on cash flow hedge	**–**	**–**	**–**	**(24)**	**–**	**–**	**(24)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(24)**	**–**	**(775)**	**(799)**
Dividends	**–**	**–**	**–**	**–**	**–**	**(45,986)**	**(45,986)**
Issue of share capital	**2**	**95**	**–**	**–**	**–**	**–**	**97**
Placing of shares	**196**	**58,181**	**–**	**–**	**–**	**–**	**58,377**
Own shares acquired in the year	**–**	**–**	**(8,898)**	**–**	**–**	**–**	**(8,898)**
Own shares disposed of on exercise of options	**–**	**–**	**9,744**	**–**	**–**	**(9,744)**	**–**
Share premium reduction (see note 23)	**–**	**(152,515)**	**–**	**–**	**–**	**152,515**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**7,769**	**7,769**
At 30 September 2019	**3,032**	**58,238**	**(25,214)**	**(24)**	**70,838**	**154,605**	**261,475**

Consolidated Cash Flow Statement

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	31	**66,647**	79,705
Cash flows from investing activities			
Purchase of intangible assets – client relationships		**(10,011)**	(121)
Purchase of intangible assets – software		**(10,064)**	(1,076)
Purchase of property, plant and equipment		**(5,249)**	(7,081)
Acquisition of subsidiaries		**(2,680)**	–
Purchase of financial assets at fair value through profit and loss		**–**	(300)
Proceed on disposal of financial instruments at fair value through other comprehensive income		**799**	6
Net cash used in investing activities		**(27,205)**	(8,572)
Cash flows from financing activities			
Dividends paid to equity shareholders	11	**(45,986)**	(41,599)
Purchase of own shares	24	**(8,898)**	(13,507)
Cash flow hedge	27	**(24)**	–
Proceeds on issue of shares	23	**58,474**	158
Net cash from/(used) in financing activities		**3,566**	(54,948)
Net increase in cash and cash equivalents		**43,008**	16,185
Cash and cash equivalents at 1 October		**186,222**	169,995
Effect of foreign exchange rates		**(31)**	42
Cash and cash equivalents at 30 September		**229,199**	186,222

Company Cash Flow Statement

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	31	**33,091**	42,453
Cash flows from financing activities			
Dividends paid to equity shareholders	11	**(45,986)**	(41,599)
Cash flow hedge	27	**(24)**	–
Proceeds on issue of shares	23	**58,474**	158
Net cash from/(used) in financing activities		**12,464**	(41,441)
Net increase in cash and cash equivalents		**45,555**	1,012
Cash and cash equivalents at 1 October		**1,445**	433
Cash and cash equivalents at 30 September		**47,000**	1,445

1. General information

The consolidated financial statements of Brewin Dolphin Holdings PLC (the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended 30 September 2019 were authorised for issue by the Directors on 26 November 2019.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Strategic Report. The Company is registered in England and Wales. The address of the registered office is 12 Smithfield Street, London EC1A 9BD. The separate financial statements of the Company are also reported.

Note 15 identifies the subsidiaries that have taken advantage under s479A of the Companies Act 2006 of the exemption from audit.

The significant accounting policies have been disclosed below. The accounting policies for the Group and the Company are consistent unless otherwise stated.

2. Application of new and revised International Financial Reporting Standards ('IFRSs') and changes in accounting policies

a. New standards, amendments and interpretations adopted

The following new and revised standards and interpretations have been applied in the current year:

- IFRS 15 Revenue from Contracts with Customers; and
- IFRS 9 Financial Instruments.

Both standards were adopted from 1 October 2018 and under the transition methods chosen, comparative information has not been restated, however, the Balance Sheet has been reclassified. Further information and changes to significant accounting policies as a result of the application of these standards for the first time are described below in note 2b.

The Group adopted the amendments to IFRS 2 Classification and Measurement of Share Based Payments Transactions in the current period. This did not result in a significant impact on the amounts reported in these financial statements.

b. Changes in accounting policies

There have been no changes to accounting policies in the year except for the changes described below:

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled.

Revenue is recognised in accordance with a principle based five-step model applied to all contracts with customers. The model determines when and how much revenue to recognise. Revenue is recognised when (or as) an entity satisfies a performance obligation by transferring promised goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether performance obligations expressed in the customer contracts are fulfilled, revenue is recognised either over time, in a manner that best reflects the entity's performance of those obligations, or at a point in time, when control of the goods or services is transferred to the customer. Any incremental cost of obtaining a customer contract is capitalised if that cost is expected to be recovered.

Transition

The Group has applied IFRS 15 using the cumulative effect method as an adjustment to the opening balance of equity at 1 October 2018. There have been no adjustments to opening retained reserves on transition. The comparative information has not been adjusted and continues to be reported under IAS 18.

Impact

The details of the significant changes and the conclusions adopted by the Group in applying the requirements of IFRS 15 to determine the transaction price and performance obligations specified in contracts with customers are explained below.

Transaction price

Revenue is measured based on the consideration specified in customer contracts, excluding amounts collected on behalf of third parties, that the Group is entitled to in exchange for transferring services to a customer. Where a contract contains variable consideration and provides the services over time the Group estimates the amount to which it is entitled under the contract. The Group constrains the estimate where there is a risk of significant revenue reversal and reassesses this estimate at the end of the relevant billing period when the variable consideration amount is known.

Services

The Group has considered when its services are delivered in determining when revenue is recognised. Its services are delivered both over time and at a point in time.

The Group has assessed all the services expressed in its contracts with customers and has identified several series of distinct services that are substantially the same and have the same pattern of transfer to the customer. All the services are highly interrelated and interdependent and are integrated to provide an overall service to the customer. The Group has identified bundles of services that constitute separate performance obligations; the majority of the performance obligations identified are satisfied over time.

2. Application of new and revised International Financial Reporting Standards ('IFRSs') and changes in accounting policies continued

For performance obligations that are satisfied over time the Group measures progress towards complete satisfaction of the performance obligations equally over time. It recognises income when the relevant performance obligation has been satisfied as the customer simultaneously receives and consumes the benefits of the services. For the performance obligations for services that are delivered at a point in time, the Group satisfies the performance obligations at the point of delivery and is simultaneously entitled to the revenue.

See note 5 on income for further information on the performance obligations and timing of revenue recognition.

Contract costs

The Group has assessed if payments to employees under various reward schemes meet the new criteria for capitalising incremental costs under IFRS 15. The Group has determined that it does not currently make incremental payments to employees to secure investment management or financial planning contracts. Consequently, none of the awards made under these schemes should be capitalised and the costs of these awards continue to be expensed through staff costs.

Introducer fees which are incremental costs incurred to obtain a contract with a client are capitalised if they meet the criteria for capitalising under the standard. These costs are amortised over the useful life of the client relationships.

Practical expedients

The Group does not have any financing arrangements in any of its contracts with customers and has adopted the practical expedient not to account for significant financing arrangements in any of its contracts with customers where consideration is received for services rendered within 12 months.

(ii) IFRS 9 Financial Instruments

IFRS 9 is effective for periods commencing on or after 1 January 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses classification, measurement and derecognition of financial assets and liabilities by introducing a new principle-based approach driven by the cash flow characteristics of the asset and the business model in which it is held. It also replaces the 'incurred loss' approach for impairment of financial assets under IAS 39 to a more forward looking 'expected credit loss' model. Under IFRS 9, the general hedge accounting requirements align hedge accounting more closely with risk management practices.

Transition

The Group has taken advantage of the exemption from restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Under the exemption, differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 October 2018.

Impact

The details of the significant changes are set out below. Details of the quantitative impact of IFRS 9 are provided in note 32.

Classification and measurement

IFRS 9 requires financial assets to be classified into one of the following three measurement categories: fair value through profit or loss ('FVTPL'), fair value through other comprehensive income ('FVTOCI') and amortised cost. The held to maturity, loans and receivables and available-for-sale categories available under IAS 39 have been withdrawn. Classification is made on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments.

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39 except for those designated at FVTPL. The Group has continued to classify all financial liabilities at amortised cost under IFRS 9, with no impact on measurement.

The following table shows the original measurement categories under IAS 39 and the new measurement categories and identified business models under IFRS 9 for each class of the Group's financial assets as at 1 October 2018. The majority of the Group's financial assets as at 1 October 2018 were managed within business models whose objective is solely to collect contractual cash flows (held to collect), except for those specified below.

Financial assets	IAS 39 classification	IFRS 9 classification	Business model
Held-for-trading investments	FVTPL	FVTPL	Held-for-trading
Equity securities	Available-for-sale investments	Designated as at FVTOCI	Other
Asset-backed debt securities	Available-for-sale investments	FVTOCI	Held to collect and sell
Current loans and receivables	Loans and receivables	Amortised cost	Held to collect
Cash and cash equivalents	Loans and receivables	Amortised cost	Held to collect

Derecognition

The requirements for derecognition of financial assets and liabilities are broadly unchanged from IAS 39.

Impairment of financial assets
IFRS 9 makes fundamental changes to the impairment of financial assets measured at amortised cost or at fair value through other comprehensive income, lease receivables and certain commitments to extend credit and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, under IFRS 9, an entity always accounts for expected credit losses (ECLs), and any changes in those ECLs. The ECL approach requires an allowance to be established upon initial recognition of an asset reflecting the level of losses anticipated after having regard to the Group's historical credit loss experience and its expectation of future economic conditions.

Expected credit loss impairment model
The Group has applied a simplified approach to determine ECLs for trade receivables as permitted by IFRS 9. It has adopted the practical expedient to use a single loss-rate approach to determine lifetime expected credit losses since the Group has historically experienced low levels of bad debts from its trade debtors which are short term and do not contain significant financing components.

Applying the single loss-rate approach as at 1 October 2018 would have resulted in an immaterial ECL provision; consequently opening reserves have not been adjusted.

Presentation of ECL provision and impairment losses
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses for financial assets (including trade debtors) are charged to the Income Statement.

c. New standards, amendments and interpretations issued but not effective

The table below sets out changes to accounting standards which will be effective for periods beginning on or after:

		1 January
New or revised standards		
IFRS 16	Leases	2019
IFRS 17[1]	Insurance Contracts	2021
New or revised interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	2019
Amendments		
IFRS 9	Prepayment Features with Negative Compensation	2019
IAS 28[1]	Long-term Interests in Associates and Joint Ventures	2019
Annual Improvements to IFRS[1]	Annual Improvements to IFRS Standards 2015–2018 Cycle	2019
IAS 19[1]	Plan Amendment, Curtailment or Settlement	2019
Conceptual framework references[1]	Amendments to References to the Conceptual Framework in IFRS Standards	2020
IAS 1 and IAS 8 – Definition of Material[1]	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors	2020
IFRS 3 – Definition of a Business	Business Combination	2020

1. These amendments have not yet been endorsed by the EU.

The Directors are reviewing the impact of these new standards, amendments and interpretations and do not intend to adopt the standards early. It is not currently expected that these will have a material impact on the financial statements of the Group except as noted below.

The Directors have reviewed the impact of IFRS 16 Leases and an estimate of the expected impact on the consolidated financial statements of the Group is set out below.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases and was endorsed by the European Union during 2017. The standard is effective for periods commencing on or after 1 January 2019 and will first be applicable to the Group's accounting period ending 30 September 2020. IFRS 16 represents a significant change in the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model.

Under the single lessee accounting model, a right of use asset and corresponding lease liability will be recognised which represents future lease payables with movements through the Income Statement. The movements through the Income Statement will be for depreciation, additions or releases on the liability and unwinding of the discount for all leases unless the underlying asset has a low value, or the remaining lease term is less than twelve months at the date of transition.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

2. Application of new and revised International Financial Reporting Standards ('IFRSs') and changes in accounting policies continued

Transition

On transition to IFRS 16, the Group can choose to apply one of two transition methods:

- the full retrospective transition method, whereby IFRS 16 is applied to all its contracts as if it had always applied; or
- the modified retrospective approach with optional practical expedients.

The Group has considered the available transition options and has decided to apply the modified retrospective approach and the practical expedient that allows an entity not to reassess whether a contract is, or contains, a lease at the date of initial application of the standard.

The Group will adopt certain optional exemptions available under IFRS 16 for short-term (less than 12 months) and low-value (< £5,000) leases. These leases will continue to be off balance sheet with rentals charged to the Income Statement on a straight-line basis over the lease term.

Impact

The Group is primarily a lessee and is also a sub-lessor for a small number of property leases that have been identified as onerous. On adoption, lease agreements will give rise to both a right of use ('ROU') asset and a lease liability which represents the present value obligation of future lease payments.

Right of use assets

The ROU asset will be assessed for impairment annually (incorporating any onerous lease assessments) and will be 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. The depreciation charge will be recognised in the Income Statement.

Lease liabilities

The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term and amended for the impact of any lease modifications. Interest recognised on the lease liability will be charged to the Income Statement.

Impact on Group's Financial Statements

The adoption of IFRS 16 will result in a significant increase in the Group's reported assets and liabilities on the balance sheet. The depreciation (of the ROU asset) and interest charges (unwind of the discounted lease liability) will replace the lease costs currently charged to other operating costs in the Income Statement on a straight-line basis. This will result in a change to the profile of the charge recognised in the Income Statement over the life of the lease; higher expenses will be recognised in earlier years of the lease, with a reduction in the annual expenses in the later years of the lease owing to the application of the actuarial method of accounting for the lease liability.

Subleases

The Group has identified certain property leases as onerous where there is surplus office space. For some of the onerous property leases, it sublets this surplus space and in these instances the Group acts as an intermediate lessor in the sublease. The Group expects to reclassify some of its subleases previously recognised as an operating lease under IAS 17 as a finance lease per IFRS 16.

Lessor accounting

As a result of the Group being an intermediate lessor for its finance subleases, it will derecognise the right-of-use asset relating to the head lease that it transfers to the sublessees and recognise the net investment in the subleases. Any differences between the right-of-use asset and the net investment in the subleases will be recognised in the Income Statement. The Group will retain the lease liabilities relating to the head leases on its Consolidated Balance Sheet, which represents the lease payments payable to the head lessor.

For subleases which are classified as an operating lease, the Group will retain the lease liability and the right-of-use asset relating to the head lease on its Consolidated Balance Sheet and recognises lease income from the sublease.

Assessment of the accounting impact of IFRS 16

The implementation of the new standard will have a material impact on the consolidated results of the Group. All leases will be recognised on a cumulative retrospective basis using the modified transition approach. Based on the information currently available, which is subject to change until the Group presents its first full financial statements that include the date of application, the Group estimates that it will recognise right of use assets of £42.5 million, lease liabilities of £57.8 million and a finance lease receivable of £2.2 million at 1 October 2019; as well as an adjustment to the opening retained reserves of £6.6 million net of deferred tax assets, onerous provisions and trade payables and receivables adjustments.

3. Significant accounting policies

a. Statement of compliance

The consolidated financial statements for both the Group and the Company have been prepared in accordance with International Financial Reporting Standards adopted by the European Union, Article 4 of the EU IAS Regulation and the Companies Act 2006.

b. Basis of preparation

The consolidated financial statements are presented in pounds sterling, the functional currency of the Company, rounded to the nearest thousand pounds (£'000) except where otherwise indicated. The foreign operations have been translated into the functional currency at a spot rate of 1.1303 for the Balance Sheet at 30 September 2019 (2018: 1.1227) and the average exchange rate of 1.1326 for the Income Statement items for the financial year ending 30 September 2019 (2018: 1.1321).

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In accordance with Section 408 of the Companies Act 2006 Brewin Dolphin Holdings PLC has taken advantage of the legal dispensation not to present its own Statement of Comprehensive Income or Income Statement. The amount of the profit for the financial period dealt with in the financial statements of the Company is disclosed in the Company Statement of Changes in Equity.

d. Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the going concern statement and the Viability Statement included in the Strategic Report on page 33.

e. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs such as legal and professional 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.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and 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 excess is recognised immediately in the Income Statement as a bargain purchase gain.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

f. Transaction date accounting

All securities transactions entered into on behalf of both clients and the Group are recorded in the accounts on the date of the transaction. The underlying investments are not shown in the financial statements of the Group.

g. Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Income Statement in the period in which they arise.

3. Significant accounting policies continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the transaction dates are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

h. Revenue recognition

Revenue represents investment management fees, investment management commissions, financial planning income, execution only fee and commission income and expert report writing service income, excluding VAT.

Identification of performance obligations

The Group assesses all the services expressed in its contracts with customers to identify performance obligations. The Group delivers several series of distinct services that are substantially the same and have the same pattern of transfer to the customer. All the services are highly interrelated and interdependent and are integrated to provide an overall service to the customer. The Group bundles series of services into specific performance obligations where the services have the same pattern of transfer to the customer.

Transaction price

Revenue is measured based on the consideration specified in customer contracts excluding amounts collected on behalf of third parties, that the Group is entitled to in exchange for transferring services to a customer.

The transaction price for services provided over time is variable as it is based on the value of customers' assets at a specific billing point.

Payment is typically due for services within 3 months.

Satisfaction of performance obligations

The Group recognises revenue when it transfers control over a service to a customer and satisfies its performance obligations, this can be at a point in time or over time.

For performance obligations satisfied over time the Group measures progress towards complete satisfaction of the performance obligations equally over time. The Group recognises revenue when the relevant performance obligation has been satisfied and the customer simultaneously receives and consumes the benefits of the services. Where a contract contains variable consideration, the Group estimates the amount to which it is entitled under the contract. The Group constrains the estimate where there is a risk of significant revenue reversal and reassesses this estimate at the end of the relevant billing period when the variable consideration amount is known.

For the performance obligations delivered at a point in time, the Group simultaneously satisfies the performance obligations and recognises revenue at the point the trade is executed which is when the customer receives control of the services.

Nature of services

The following are the principal activities from which the Group generates its revenue.

Investment management

The Group recognises management fees and commissions from its direct or indirect clients on fulfilment of its discretionary investment management, advisory investment management, Brewin Portfolio Service ('BPS') or Model Portfolio Service ('MPS') performance obligations.

All investment management performance obligations are satisfied over time except for trade execution services provided to advisory clients which are satisfied at a point in time.

Financial planning

The Group recognises financial planning income (initial fees, initial commissions and ongoing advice fees) on fulfilment of its financial planning advisory, initial or transactional services performance obligations. The performance obligations are satisfied over time.

Execution only

The Group recognises fees and trade execution commission on fulfilment of its performance obligations. Performance obligations for custody services are satisfied over time and trade execution service performance obligations are satisfied at a point in time.

Expert witness report service

The Group recognises fees for the provision of expert witness reports on fulfilment of its performance obligations which are satisfied at a point in time.

Contract costs

Introducer fees which are incremental costs incurred to obtain a contract with a customer are capitalised. These costs are amortised over the useful life of the client relationships intangible asset.

i. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

j. Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Dividends received and receivable are credited to the Income Statement to the extent that they represent a realised profit for the Company.

k. Other operating income

Interest receivable and payable on client money balances is netted to calculate the Group's share of interest receivable and included under the heading 'Other operating income'.

l. Leases

Rentals on operating leases are charged to the Income Statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a liability. The aggregate benefit of incentives is spread on a straight-line basis over the lease term.

m. Share-based payments

Equity-settled share-based payments to employees are measured at fair value of the equity instruments at the date of grant. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity–settled share-based transactions are set out in note 28.

Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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 the number of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the shares 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 the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

n. Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 substantively enacted at the balance sheet date.

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

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

Current and deferred tax for the year

Current and 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 current and deferred tax is also dealt with in other comprehensive income.

o. Investments in subsidiaries

In the Company's financial statements investments in subsidiary undertakings are stated at cost less any provision for impairment.

3. Significant accounting policies continued

p. Intangible assets

Goodwill
Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the identifiable assets and liabilities at the date of acquisition.

Goodwill is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not reversed in a subsequent period (see note 3r for the Impairment accounting policy).

When the consideration transferred by the Group is deferred or contingent, this is valued at its acquisition date fair value, and is included in the consideration transferred in a business combination. The consideration may be settled in shares or cash (see note 3v for the Shares to be issued accounting policy). Changes in the deferred or contingent consideration, which occur in the measurement period, are adjusted retrospectively, with corresponding adjustments to goodwill. Subsequent to the measurement period, the deferred and contingent considerations are revised annually at the balance sheet date and any corresponding adjustments are posted to the Income Statement.

Client relationships
Intangible assets classified as 'client relationships' are recognised when acquired as part of a business combination. The initial cost of client relationships is the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

When the consideration transferred by the Group is deferred or contingent as a result of a business combination, the consideration may be settled in shares or cash (see note 3v for the Shares to be issued accounting policy). Subsequent to the measurement period, the deferred and contingent considerations are revised annually at the balance sheet date and any corresponding adjustments are posted to the Income Statement.

Client relationships acquired separately are initially recognised at cost. Following initial recognition, these are carried at cost less accumulated amortisation and any accumulated impairment losses. See note 3h for the contract costs capitalised.

Client relationships are amortised on a straight line basis over five to fifteen years, dependent upon the assessment of the estimated useful life of the client relationships.

Brand
Intangible assets classified as 'brand' are recognised when acquired as part of a business combination. The initial cost of a brand is the fair value at the acquisition date. Following initial recognition, the intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Brands are amortised on a straight line basis over ten years, dependent upon the assessment of the estimated useful life of the brand. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Computer software
Computer software which is not an integral part of the related hardware is classified as an intangible asset. Costs of acquiring and developing computer software are treated as an intangible asset and amortised over three to ten years, dependent upon the assessment of the expected useful life of the software, on a straight-line basis from the date the software is operating as management intended.

The assessment of the expected useful life of computer software is performed annually and based on the contractual terms or where appropriate past experience of the life of similar assets, with the effect of any changes in estimates being accounted for on a prospective basis.

q. Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment. Depreciation has been provided on the basis of equal annual instalments to write off the cost less estimated residual values of tangible fixed assets over their estimated useful lives as follows:

Computer equipment	3 to 4 years
Office equipment	4 to 10 years
Leasehold improvements	to the earlier of the expected lease term or 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

r. Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and 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 the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

For the purposes of impairment testing, client relationships, brand and goodwill are allocated to each of the Group's cash-generating units. Fair value is established by valuing clients' funds in each of the cash-generating units at the period end; the percentages of funds being used depend on values attributed in recent public transactions for the purchase of advisory and discretionary funds. If the carrying amount relating to any cash-generating unit exceeds the calculated fair value less costs to sell, a value in use is calculated using a discounted cash flow method. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

If the recoverable amount of any asset other than client relationships, brand or goodwill is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

s. Fair value measurement

The Group measures financial instruments and certain non-financial assets at fair value at each balance sheet date.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

t. Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments. Financial assets can include equity and debt instruments.

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 the Income Statement.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (see (i) below):

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies continued

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI') (see (ii) & (iii) below):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit and loss ('FVTPL') (see (iv) below). However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- to designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Financial assets at amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments and the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

(ii) Debt instruments classified as at FVTOCI

Redeemable loan notes held by the Group are classified as FVTOCI. Fair value is determined in the manner described in note 3s. The redeemable loan notes are initially measured at fair value plus transaction costs. Subsequently changes in the carrying amount of the redeemable loan notes as a result of both foreign exchange gains and losses and impairment gains or losses are recognised in the Income Statement. The amounts that are recognised in the Income Statement are the same as the amounts that would have been recognised in the Income Statement if the redeemable loan notes had been measured at amortised cost. All other changes in the carrying amount of these redeemable loan notes are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When these redeemable loan notes are derecognised the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the Income Statement.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gains and losses are not reclassified to the Income Statement on disposal of the equity investments, instead, they are transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held-for-trading as at FVTOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in the Income Statement when the Group's right to receive the dividends is established in accordance with the Group's revenue policy (see note 3h), unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income' line item in the Income Statement.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

The Group holds all held-for-trading equity instruments at FVTPL, unless the Group designates an equity investment that is neither held-for-trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the Income Statement. The net gain or loss recognised in the Income Statement includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 3s.

(b) Impairment of financial assets

Expected credit losses are recognised for trade debtors, other financial assets held at amortised cost and financial assets measured at FVTOCI. At initial recognition, an allowance is made for expected lifetime credit losses using the simplified single loss-rate approach. The expected credit loss is determined to be the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive, adjusted for the value of any collateral held. Consideration is also given to the Group's historical credit loss experience, adjusted as necessary to reflect current and future economic conditions, for the relevant financial asset.

The expected credit loss allowance is adjusted as necessary at each balance sheet date to reflect changes in circumstances such as default events that provide objective evidence of impairment. The Group determines financial assets are in default when a payment is 90 days past due. An assessment of whether credit risk has increased significantly since initial recognition is not required under the simplified approach.

Trade debtors are normally written off, either partially or in full, against the related allowance when there is no realistic prospect of recovery, and the amount of the loss has been determined following the disposal of any collateral held. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Income Statement.

(c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset are received, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, any difference between the carrying amount of the asset and the sum of the consideration received is recognised in the Income Statement.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the associated revaluation reserve is reclassified to the Income Statement.

On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to the Income Statement but is transferred to retained earnings.

On derecognition of a financial asset measured at FVTPL the difference between the asset's carrying amount and the sum of the consideration received is recognised in the Income Statement.

Typically, the Group holds financial assets in business models where the value of the financial assets is recovered by collecting contractual cash flows and/or selling the instrument. Hence these financial assets are derecognised once all the contractual cash flows have been received or the financial asset has been sold or transferred.

Financial liabilities and equity

(a) Classification

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into.

(b) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(c) Financial liabilities

Financial liabilities are subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. The Group holds all financial liabilities at amortised cost and at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at FVTPL

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see note 26 Business Combinations for further information).

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Income Statement.

u. Derivative financial instruments (derivatives) and hedging activities

Derivatives are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date. Derivatives are occasionally held for risk management purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group applies hedge accounting in accordance with IAS 39 and designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group designates derivatives in respect of foreign currency risk, as cash flow hedges.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

3. Significant accounting policies continued

Note 27 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 25.

Cash flow hedges

The effective portion of changes in the fair value of foreign currency forward contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Income Statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

v. Shares to be issued including premium

Shares to be issued represent the Company’s best estimate of the amount of ordinary shares in the Company, which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Company’s shares. The sum payable which will be converted into shares of equivalent value is discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and is revised annually in the light of actual results. The resulting interest charge from the unwind of the discount is included within finance costs. Where shares are due to be issued within a year the sum is included in current liabilities.

w. Netting of balances

Amounts due to and from counterparties due to settle on balance are shown net where there is a currently enforceable legal right to set off the recognised amounts and an operational intention to settle net. Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

x. Post-retirement benefits

Costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the Balance Sheet with a charge or credit to the Statement of Other Comprehensive Income in the period in which they occur. Remeasurement recorded in the Statement of Other Comprehensive Income is not recycled.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and net interest expense or income is recognised within finance costs (see note 9).

Defined benefit pension scheme asset/liability

The defined benefit pension scheme asset/liability recognised on the Balance Sheet represents the present value of the defined benefit pension scheme obligation, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Any asset recognised is only recognised to the extent that the Group is able, without condition or restriction placed on it by the trustees, to run the Scheme until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies.

y. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

z. Employee share ownership trusts

Brewin Dolphin Limited is the sponsoring employer of the Brewin Dolphin Share Incentive Plan Trust and the Brewin Dolphin Holdings PLC Employee Share Ownership Trust. The assets and liabilities of the trusts are recognised as those of Brewin Dolphin Holdings PLC and obligations of the trusts are regarded as obligations of Brewin Dolphin Holdings PLC. Shares of Brewin Dolphin Holdings PLC held by the trusts are treated as own shares held and shown as a deduction in equity.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

a. Critical judgements in applying the Group's accounting policies

i. Business combinations

The Group applies judgement in determining whether a transaction is a business combination, which includes consideration as to whether the Group has acquired a business or a group of 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 in IFRS 3.

The Group has during the year acquired the following:

- On 11 March 2019, the Group's principal operating subsidiary, Brewin Dolphin Limited ('BDL'), acquired 100% of the ordinary share capital of Aylwin Limited ('Aylwin'), an unlisted company based in Hampshire which specialises in the provision of financial planning services.
- On 1 April 2019, BDL acquired 100% of the ordinary share capital of Mathieson Consulting Limited ('MC'), a consultancy business, that provides an expert witness report service covering pensions.
- On 9 August 2019, BDL acquired the assets and staff of Epoch Wealth Management LLP ('Epoch'), an IFA firm based in Bath.

It has been judged that all of the above acquisitions should be accounted for as business combinations. Separate legal entities were acquired for both Aylwin and MC, including control of processes, assets and liabilities assumed. Whilst a legal entity was not acquired for Epoch, the trade and assets purchased constituted a business rather than a group of assets.

See note 26 for additional information.

b. Key sources of estimation uncertainty

i. Business combinations

As part of any business combination the Group recognises all assets acquired and liabilities assumed at their acquisition date fair values, including any separately identifiable intangible assets such as the client relationship intangibles recognised as part of the Aylwin and Epoch acquisitions and the brand intangible asset recognised as part of the MC acquisition (as set out in note 4.a.i. above).

The value attributed to the client relationships and brand affects the amount of goodwill recognised. This value together with the assessment of useful economic lives of these intangible assets determines the future amortisation charges.

The valuation of the client relationship and brand intangible assets gives rise to estimation uncertainty. Certain assumptions regarding the amount, timing and discounting of future cash flows have been adopted in order to determine these fair values.

The Group has recognised the following separately identifiable intangible assets in relation to each of the acquisitions:

Acquisition	Intangible asset recognised	£'000
Aylwin	Client relationships arising from the business relationship with its clients	**3,912**
MC	Brand arising from the reputation of the business in its field	**1,388**
Epoch	Client relationships arising from the business relationship with its clients	**18,792**

See notes 13 and 26 for further information.

An increase of 10% in the expected cash flows, applied equally over the cash flows in each period, would increase intangible assets recognised by £7,680,000 approximately, whereas a decrease of 10% in the expected cash flows would reduce the intangible assets by £7,100,000 approximately. An increase or decrease of 10% in the discount rate would increase or decrease intangible assets by approximately £3,000,000, respectively.

ii. Amortisation of client relationships

The useful economic life over which client relationships are amortised is determined by the expected duration of the client relationships which are determined with reference to past experience of account closures, in particular the average life of those relationships, and future expectations. During the year, client relationships were amortised over periods ranging from 5 to 15 years.

The amortisation for the year was £6,858,000 (2018: £7,619,000). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £1,218,000 (2018: £1,583,000).

4. Critical accounting judgements and key sources of estimation uncertainty continued

iii. Defined benefit pension scheme

The calculation of the present value of the defined benefit pension scheme is determined by using actuarial valuations. Management makes key assumptions in determining the inputs into the actuarial valuations, which may differ from actual experience in the future. These assumptions are governed by IAS 19 Employee Benefits, and include the determination of the discount rate, life expectancies, inflation rates and future salary increases. Due to the complexities in the valuation, the defined benefit pension scheme obligation is highly sensitive to changes in these assumptions. The detailed assumptions, including a sensitivity analysis, are set out in note 17.

The defined benefit pension scheme has a surplus of £17,373,000 (2018: £11,408,000). See page 132 'Defined benefit pension scheme asset recognition basis' for further detail.

iv. Share-based payments

Long Term Incentive Plan ('LTIP')

Awards are granted under the LTIP. The scheme includes performance-based vesting conditions, which impact the amount of benefit paid, such as:

- Average annual net inflows in discretionary funds; and
- Growth in adjusted diluted EPS over the performance period.

Assumptions are made on the likelihood of meeting certain average and stretch targets over the remaining service periods in determining the expense in the year. The Directors consider that the LTIP is qualitatively material. The charge for the year was £415,000 (2018: £1,830,000).

If all of the performance conditions were assumed to be met, the charge for the year would increase by £1,576,000 (2018: £519,000); an increase of 10% in the vesting assumptions would increase the charge for the year by £248,000 (2018: £295,000).

Further information on the scheme is disclosed in note 28.

v. Provisions

Onerous leases

The Group recognises a provision for several onerous property leases of £4,840,000 (2018: £4,664,000). The valuation of an onerous lease is based on the best estimate of the likely future costs discounted to present value. Where the provision is in relation to premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation. The ultimate amount of the provision is dependent on the timing of any sublet and the associated terms of the sublet achieved.

If the assumptions regarding unconfirmed sublet income are removed, the provision would increase by £4,587,000 (2018: £3,917,000) to £9,427,000 (2018: £8,581,000). A delay of one year to the assumed sublets would increase the onerous lease provision and Income Statement expense for the year by £1,531,000 (2018: £1,259,000). Further information is disclosed in note 22.

5. Income

Group

The following table presents revenue disaggregated by service and timing of revenue recognition:

	2019 £'000	2018 £'000
Discretionary investment management fee income	**231,711**	223,697
Discretionary investment management commission income	**62,569**	59,725
Execution only fee income	**4,105**	4,352
Execution only commission income[1]	**6,185**	6,301
Advisory investment management fee income	**2,093**	4,752
Advisory investment management commission income[1]	**378**	1,776
BPS[2] investment management fee income	**1,186**	1,101
Expert witness report service[1]	**528**	–
Financial planning income	**27,546**	24,522
Revenue	**336,301**	326,226
Other operating income	**2,808**	2,801
Income	**339,109**	329,027

1. Services transferred at a point in time.
2. Brewin Portfolio Service.

	2019 £'000	2018 £'000
Services transferred at a point in time	**7,091**	8,077
Services transferred over time	**329,210**	318,149
Revenue	**336,301**	326,226

Contract balances

The Group does not have contract assets as it does not enter into contracts where revenue is conditional on the fulfilment of a contingent event.

Contract liabilities

Contract liabilities relate to the advance consideration received from customers for services still to be delivered. The Group derecognises contract liabilities (and recognises revenue) when it transfers services and satisfies its performance obligations (see note 21).

Unsatisfied performance obligations

The Group does not have material unsatisfied (or partially unsatisfied) performance obligations at the reporting date, as the majority of the Group's performance obligations are satisfied equally over time.

6. Segmental information

Group

For management reporting purposes the Group currently has a single operating segment: the Wealth Management division. This forms the reportable segment of the Group for the year. Please refer to the Consolidated Income Statement on page 99 and the Consolidated Balance Sheet on page 101 for numerical information.

The Group's operations are carried out in the United Kingdom, Channel Islands and the Republic of Ireland. The operations in the Channel Islands and the Republic of Ireland are not material and accordingly geographical segmental disclosures are not included. All segmental income related to external clients. The accounting policies of the operating segment are the same as those of the Group.

7. Staff costs

Group

	2019 No.	2018 No.
The average monthly number of employees (including Executive Directors) by category was:		
Client facing	**1,113**	1,040
Business support	**808**	723
	1,921	1,763

	2019 £'000	2018 £'000
The aggregate remuneration (including Executive Directors) comprised:		
Wages and salaries	**146,966**	137,011
Social security costs	**17,406**	16,896
Share-based payments	**7,769**	8,915
Apprenticeship levy	**660**	658
Termination benefits – redundancy costs	**759**	937
Defined contribution pension scheme and death in service contributions	**11,336**	10,405
	184,896	174,822

Company

The Company does not have any employees (2018: none).

8. Profit for the year

Group

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

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment (note 14)	**2,823**	2,468
Loss on disposal of property, plant and equipment	**–**	20
Amortisation of intangible assets – client relationships (note 13)	**6,789**	7,619
Amortisation of intangible assets – brand (note 13)	**69**	–
Amortisation of intangible assets – software (note 13)	**1,105**	3,855
Allowance for credit impaired assets/(reversal of allowance for credit impaired assets) for trade receivables (note 16)	**6**	(4)
Expected credit loss allowance on trade debtors and accrued income (see note 16)	**8**	–
Impairment of available–for–sale assets (note 19)	**–**	162
Staff costs (note 7)	**184,896**	174,822
Auditor's remuneration (see analysis below)	**850**	812

Analysis of auditor's remuneration:

	2019 £'000	2018 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**81**	71
Fees payable to the Company's auditor for the audit of its subsidiaries	**397**	315
	478	386
Assurance services		
Regulatory assurance work	**177**	157
Additional fees for regulatory assurance work	**–**	40
Interim review	**56**	54
Other assurance services	**28**	27
	261	278
Other non–audit services		
AAF 01/06 – controls assurance report	**111**	98
Fees payable to the Company's auditor for AAF scope changes	**–**	50
	111	148
Total auditor's remuneration	**850**	812

Details of the Group's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report on page 64.

9. Finance income and finance costs

Group

	2019 £'000	2018 £'000
Finance income		
Interest income on defined benefit pension scheme (see note 17)	**294**	156
Interest on bank deposits	**1,414**	747
	1,708	903
Finance costs		
Unwind of discounts on provisions (see note 22)	**130**	102
Unwind of discounts on shares to be issued	**10**	–
Interest on bank overdrafts	**6**	15
	146	117

10. Income tax expense

Group

	2019 £'000	2018 £'000
Current tax		
United Kingdom:		
Charge for the year	**13,133**	13,074
Adjustments in respect of prior years	**(151)**	211
Overseas:		
Charge for the year	**275**	260
Adjustments in respect of prior years	**1**	–
Total current tax	**13,258**	13,545
Deferred tax		
United Kingdom:		
Charge for the year	**1,279**	1,743
Adjustments in respect of prior years	**(80)**	(280)
Total deferred tax (see note 18)	**1,199**	1,463
Tax charged to the Income Statement	**14,457**	15,008

United Kingdom corporation tax is calculated at 19.0% (2019: 19.0%) of the estimated taxable profit for the year. The Finance Act 2015 applied a 20% rate up to 31 March 2018 and Finance (No.2) Act 2015 reduced the rate applicable thereafter to 19%. The Finance Act 2016 reduces the rate still further from 1 April 2020 to 17%.

Taxation for other jurisdictions is calculated at the relevant prevailing rates in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the Income Statement as follows:

	2019 £'000	2018 £'000
Profit before tax	**62,524**	68,504
Tax at the UK corporation tax rate of 19% (2018: 19%)	**11,880**	13,016
Tax effect of:		
Expenses that are not deductible in determining taxable profit	**2,687**	1,776
Leasehold property	**46**	170
Share-based payments	**285**	222
Over provision for tax in previous years	**(230)**	(69)
Lower taxation rates in subsidiaries	**(147)**	(141)
Impact of deferred tax rate change	**(64)**	34
Tax expense for the year	**14,457**	15,008
Effective tax rate for the year	**23.1%**	21.9%

Expenses that are not deductible in determining taxable profit include amortisation of client relationships and brand, acquisition costs, hospitality costs and professional fees that are capital in nature.

There are no material uncertainties within the calculation of corporation tax. The tax provisions are based on tax legislations in the relevant jurisdictions and have not required any judgements or material estimates.

11. Dividends

Group and Company

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity shareholders in the year:		
2017/18 Final dividend paid 6 February 2019, 12.00p per share (2018: 10.75p per share)	**33,009**	29,516
2018/19 Interim dividend paid 14 June 2019, 4.4p per share (2018: 4.4p per share)	**12,977**	12,083
	45,986	41,599
Proposed final dividend for the year ended 30 September 2019 of 12.0p (2018: 12.0p) per share based on shares in issue at 22 November 2019 (2018: 22 November 2018)	**35,417**	32,998

The proposed final dividend for the year ended 30 September 2019 of 12.0p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under an arrangement dated 1 April 2011, Computershare Trustees (Jersey) Limited (the 'Trustee'), holds 8,047,595 Ordinary Shares representing 2.7% of the Company's called up share capital in relation to employee share plans, has agreed to waive all dividends due to the Trustee.

12. Earnings per share

Group

The calculation of the basic and diluted earnings per share is based on the following data:

	2019 '000	2018 '000
Number of shares		
Basic		
Weighted average number of shares in issue in the year	**282,718**	274,484
Diluted		
Effect of weighted average number of options outstanding for the year	**6,630**	8,262
Diluted weighted average number of options and shares for the year	**289,348**	282,746
Adjusted[1] diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**3,344**	2,186
Effect of estimated weighted average number of shares to be earned under contingent consideration arrangements	**–**	–
Adjusted[1] diluted weighted average number of options and shares for the year	**292,692**	284,932

	2019 £'000	2018 £'000
Earnings attributable to ordinary shareholders		
Profit for the purpose of diluted earnings per share	**48,067**	53,496
Finance costs of deferred consideration[2]	**10**	–
less tax	**(2)**	–
Profit for the purpose of basic earnings per share	**48,075**	53,496
Onerous contracts	**996**	170
Amortisation of intangible assets – client relationships and brand	**6,858**	7,619
Defined benefit pension scheme past service costs	**1,909**	–
Acquisition costs	**2,337**	–
Incentivisation awards	**340**	1,318
FSCS levy refund	**–**	(288)
Other gains and losses	**(1)**	162
less tax effect of above	**(510)**	(683)
Adjusted profit for the purpose of basic earnings per share	**60,004**	61,794
Finance costs of deferred consideration[2]	**(10)**	–
less tax	**2**	–
Adjusted profit for the purpose of diluted earnings per share	**59,996**	61,794

	2019	2018
Earnings per share		
Basic	**17.0p**	19.5p
Diluted	**16.6p**	18.9p
Adjusted[3] earnings per share		
Basic	**21.2p**	22.5p
Adjusted[1] diluted	**20.5p**	21.7p

1. 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 ('LTIP') options are assumed to fully vest. The Directors have selected this measure as it represents the underlying effective dilution by offsetting the impact to the calculation of basic shares of the purchase of shares by the Employee Share Ownership Trust ('ESOT') to satisfy options.
2. Finance costs of deferred or contingent consideration are added back where the issues of shares is more dilutive than the interest cost saved.
3. Excluding onerous contracts costs, amortisation of client relationships and brand, acquisition costs, incentivisation awards, FSCS levy refund, defined benefit pension scheme past service costs and other gains and losses.

13. Intangible assets

Group

	Goodwill £'000	Client relationships £'000	Brand £'000	Software costs £'000	Total £'000
Cost					
At 30 September 2017	48,637	133,613	–	19,085	201,335
Additions	–	325	–	1,076	1,401
Exchange differences	–	3	–	–	3
Disposals	–	–	–	(968)	(968)
At 30 September 2018	48,637	133,941	–	19,193	201,771
Additions	**4,096**	**22,716**	**1,388**	**11,290**	**39,490**
Exchange differences	**–**	**(1)**	**–**	**–**	**(1)**
At 30 September 2019	**52,733**	**156,656**	**1,388**	**30,483**	**241,260**
Accumulated amortisation and impairment losses					
At 30 September 2017	–	91,757	–	13,787	105,544
Amortisation charge for the year	–	7,619	–	3,855	11,474
Exchange differences	–	2	–	–	2
Disposals	–	–	–	(968)	(968)
At 30 September 2018	–	99,378	–	16,674	116,052
Amortisation charge for the year	**–**	**6,789**	**69**	**1,105**	**7,963**
Exchange differences	**–**	**(1)**	**–**	**–**	**(1)**
At 30 September 2019	**–**	**106,166**	**69**	**17,779**	**124,014**
Net book value					
At 30 September 2019	**52,733**	**50,490**	**1,319**	**12,704**	**117,246**
At 30 September 2018	48,637	34,563	–	2,519	85,719
At 30 September 2017	48,637	41,856	–	5,298	95,791

Client relationship additions are made up as follows:

	2019 £'000	2018 £'000
Cash paid for client relationships acquired in current year	**11,944**	121
Cash paid for client relationships acquired in prior years	**11**	–
Deferred and contingent consideration in the form of cash for client relationships acquired in the current year	**7,103**	208
Contingent consideration in the form of shares to be issued[1] for client relationships acquired in the current year	**3,658**	–
Adjustment client relationships acquired in prior years	**–**	(4)
Total additions	**22,716**	325

1. Being the fair value of shares to be issued excluding the unwinding of discounting applied in the period, with this recognised as Finance Costs in the Income Statement, see note 9.

The following table splits out the significant client relationship assets:

	£'000
Carrying amount at year end	
Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited)[1]	11,027
South East investment management team[2]	16,807
Bath branch[3]	18,525
Other investment management teams[4]	4,131
	50,490

1. Amortisation period remaining 6 years 10 months.
2. Amortisation period remaining 4 years 7 months.
3. Amortisation period remaining 9 years 10 months.
4. None of the constituent parts of the goodwill or client relationships relating to the other investment management teams is individually significant in comparison to the total value of goodwill or client relationships respectively.

13. Intangible assets continued

Goodwill impairment testing

The table below shows the goodwill allocated to groups of cash-generating units ('CGUs'):

	Groups of CGUs No.	Goodwill £'000
Carrying amount at year end		
Midland Branch 1	1	5,149
Midland Branch 2	1	5,284
Northern Branch 1	1	6,432
South East Branch 1	1	12,800
Other Branches	17	23,068
	21	**52,733**

In accordance with IFRS, the Group performs impairment testing for goodwill on an annual basis or more frequently when there are indications of impairment. Client relationships and brand intangible assets are reviewed for indicators of impairment at each reporting date. See note 3r for further details.

The recoverable amount for each of the CGUs is the fair value less costs of disposal. The fair value is determined by applying percentages to the funds for each CGU. The percentages applied are a Level 2 input based on recent observable market transactions. Discretionary funds are valued at 3% and advisory funds are valued at 1%.

Sensitivity analysis of the key assumptions

All of the CGUs within the Group have sufficient headroom (i.e. where the recoverable amount of the CGU is in excess of the carrying value), such that they are insensitive to all reasonable possible changes to the value of funds used for the purpose of goodwill impairment testing.

14. Property, plant and equipment

Group

	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 30 September 2017	13,706	13,394	34,298	61,398
Additions	1,957	345	4,454	6,756
Exchange differences	3	8	–	11
Disposals	(379)	(1,842)	(3,813)	(6,034)
At 30 September 2018	15,287	11,905	34,939	62,131
Additions	**3,986**	**325**	**1,066**	**5,377**
Exchange differences	**(3)**	**(3)**	**–**	**(6)**
Disposals	**(23)**	**–**	**–**	**(23)**
At 30 September 2019	**19,247**	**12,227**	**36,005**	**67,479**
Accumulated depreciation and impairment losses				
At 30 September 2017	10,832	13,011	33,715	57,558
Charge for the year	926	219	1,323	2,468
Exchange differences	2	7	–	9
Eliminated on disposal	(359)	(1,842)	(3,813)	(6,014)
At 30 September 2018	11,401	11,395	31,225	54,021
Charge for the year	**1,164**	**231**	**1,428**	**2,823**
Exchange differences	**–**	**(1)**	**–**	**(1)**
Eliminated on disposal	**(23)**	**–**	**–**	**(23)**
At 30 September 2019	**12,542**	**11,625**	**32,653**	**56,820**
Net book value				
At 30 September 2019	**6,705**	**602**	**3,352**	**10,659**
At 30 September 2018	3,886	510	3,714	8,110
At 30 September 2017	2,874	383	583	3,840

15. Investment in subsidiaries

The following are the Group's subsidiary undertakings, all of which are owned 100% directly or indirectly by the Company and are included in the consolidated financial statements:

Name of subsidiary	Activity	Country of registration	Class of share capital	Aggregate nominal value
Aylwin Limited[1]	Investment Manager	England & Wales	Ordinary/A Ordinary	£1
B.L.Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary	£1
BDDL Limited[1]	Investment Manager	England & Wales	Ordinary	£1
BDS Nominees Limited[1]	Client Nominee	England & Wales	Ordinary	£1
Bell Lawrie White & Co. Limited[2]	Dormant	Scotland	Ordinary	£0.01
Brewin (1762) Limited[1]	Dormant	England & Wales	Ordinary	£1
Brewin 1762 Nominees (Channel Islands) Limited[3]	Dormant Nominee	Jersey	Ordinary	£1
Brewin 1762 Nominees Limited[1]	Client Nominee	England & Wales	Ordinary	£1
Brewin Broking Limited[1,5]	Dormant	England & Wales	A Ordinary/B Ordinary	£1
Brewin Dolphin (Channel Islands) Limited[3]	Dormant	Jersey	Ordinary	£1
Brewin Dolphin Limited[1,5]	Investment Manager	England & Wales	Ordinary	£1
Brewin Dolphin MP[1]	Investment Manager	England & Wales	A Ordinary/B Ordinary	£0.01
Brewin Dolphin Securities Limited[1]	Dormant	England & Wales	Ordinary	£1
Brewin Dolphin Wealth Management Limited[4,5]	Investment Manager	Ireland	Ordinary/A Shares	€1.50/€0.01
Brewin Nominees (Channel Islands) Limited[3]	Client Nominee	Jersey	Ordinary	£1
Brewin Nominees Limited[1]	Client Nominee	England & Wales	Ordinary	£1
DDY Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary	£1
Dunlaw Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary	£1
Erskine Nominees Limited[2]	Dormant Nominee	Scotland	Ordinary	£1
Giltspur Nominees Limited[1]	Client Nominee	England & Wales	Ordinary	£1
Mathieson Consulting Limited[1]	Investment Manager	England & Wales	Ordinary	£1
North Castle Street (Nominees) Limited[2]	Client Nominee	Scotland	Ordinary	£1
Robert White & Co. Limited[2,5]	Dormant	Scotland	Ordinary	£1
Shareline (Yorkshire) Limited[1]	Dormant	England & Wales	Ordinary	£1
Smittco Nominees Limited[1]	Firm Nominee	England & Wales	Ordinary	£1
Brewin Dolphin Wealth Management	Investment Manager	Ireland	Ordinary/A Shares	€1.50/€0.01
Tilman Brewin Dolphin Nominees Limited[4]	Client Nominee	Ireland	Ordinary	£1
Webrich Limited[1,5]	Trustee	England & Wales	Ordinary	£1
Wise Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary A Voting/ Ordinary B Voting/ Ordinary C	£1
Wise Speke Financial Services Limited[1]	Dormant	England & Wales	Ordinary	£1

1. Registered office: 12 Smithfield Street, London, EC1A 9BD.
2. Registered office: Atria One, 144 Morrison Street, Edinburgh, EH3 8BR.
3. Registered office: 2nd Floor, Kingsgate House, 55 The Esplanade, St Helier JE2 3QB.
4. Registered office: 3 Richview Office Park, Clonskeagh, Dublin 14.
5. Indicates subsidiaries held directly.

All of the subsidiaries listed above are entitled to the exemption from audit under s479A of the Companies Act 2006, with the exception of BDDL Limited, Brewin Dolphin Limited, Brewin Dolphin MP, Aylwin Limited, Mathieson Consulting Limited and Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited).

Company

	2019 £'000	2018 £'000
At 1 October	**188,491**	192,020
Capital contribution to Brewin Dolphin Limited in respect of share–based payments	**56**	(3,529)
Increase in investment in Brewin Dolphin Limited[1]	**3,668**	–
At 30 September	**192,215**	188,491

1. Due to shares to be issued.

16. Trade and other receivables

Group

	2019 £'000	2018 £'000
Current assets		
Trade debtors	**143,135**	101,247
Loss allowance	**(43)**	(29)
	143,092	101,218
Loans[1]	**280**	289
Accrued income	**61,770**	58,622
Other debtors	**1,352**	2,527
Prepayments	**9,718**	8,489
Trade and other receivables	**216,212**	171,145

1. All loans are to staff and the Directors believe that the balances are fully recoverable.

Trade debtors relate to either market or client transactions and are considered to be past due once the date for settlement has passed. The date for settlement is determined when the trade is booked. It is expected that some transactions may become past due in the normal course of business. Fees owed by clients are considered to be past due when they remain unpaid after 30 days after the relevant billing date. An allowance for credit impaired assets is recognised for trade debtors that are older than 90 days unless collateral is held. The maximum exposure to credit risk is the carrying value as above (see note 27 for details of the Group's credit risk).

Ageing of past due but not impaired trade debtors

	2019 £'000	2018 £'000
Not past due	**141,762**	99,808
Up to 15 days past due	**995**	1,104
16 to 30 days past due	**81**	55
31 to 45 days past due	**23**	13
More than 45 days past due	**95**	58
	142,956	101,038

Individually impaired trade debtors

	2019 £'000	2018 £'000
Individually impaired trade debtors	**179**	209
Loss allowance	**(43)**	(29)
	136	180
Trade debtors	**143,092**	101,218

Movements in loss allowance

	Credit impaired assets allowance £'000	Expected credit loss allowance £'000	2019 £'000	2018 £'000
At 1 October	**29**	**–**	**29**	38
Net charge/(release) to the Income Statement	**6**	**8**	**14**	(4)
Loss allowance utilised	**–**	**–**	**–**	(5)
At 30 September	**35**	**8**	**43**	29

No other financial assets of the Group or the Company, other than doubtful debts, are impaired.

Company

	2019 £'000	2018 £'000
Current assets		
Amounts due from subsidiary undertakings	**38,967**	72,679
Trade and other receivables	**38,967**	72,679

17. Defined benefit pension scheme

Group

The Group operates a registered Defined Contribution Scheme (the 'Brewin Dolphin Senior Staff Pension Fund') and a registered Defined Benefit Scheme (the 'Brewin Dolphin Limited RBS') in the UK which both offer pensions in retirement and death benefits to members. The disclosures provided are in respect of the Defined Benefit Scheme only (the 'Scheme').

The Scheme is a HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the Scheme is subject to the scheme funding requirements outlined in section 224 of the Pensions Act 2004.

The Scheme was established under trust and is governed by the Scheme's Trust Deed and Rules. In accordance with UK trust and pensions law, the Scheme has appointed Trustees. Although the Group bears the financial cost of the Scheme, the responsibility for the management and governance of the Scheme lies with the Trustees, who have a duty to act in the best interest of members at all times.

Pension benefits are related to the members' final salary at retirement and their length of service. The pension is payable for life and has elements increasing in payment in line with inflation up to a maximum of 5% per annum. Since 1 April 2003 the Scheme has been closed to new members. Members under age 55 at 1 April 2004 ceased to accrue further service in the Scheme from that date. There is no future benefit accrual since all in-service members have retired. Contributions to the Scheme for the year beginning 1 October 2019 are expected to be £1.25 million.

Valuation for funding purposes

The valuation as at 31 December 2017:

	£'000
Value of scheme assets	110,335
Actuarial value of scheme liabilities in respect of:	
In-service members	(14,813)
Deferred pensioners	(38,852)
Current pensioners and dependants	(49,473)
Value of scheme liabilities	(103,138)
Scheme surplus	7,197
Funding level	107%

The Scheme is valued for funding purposes at intervals of not more than three years by an independent qualified actuary. The latest valuation for funding purposes was as at 31 December 2017. The actuarial valuation is used to assess the money the Group needs to put into the pension scheme.

The Scheme was in deficit measured on the Scheme's funding basis as at 31 December 2014, the 2014 funding valuation. As a result, the Group agreed to pay additional contributions into the Scheme following the 2014 funding valuation and this resulted in a scheme surplus at the latest funding valuation as at 31 December 2017, ahead of expectations.

As part of the latest valuation, it was agreed that the Scheme would de-risk its investment strategy and the Group would continue to pay contributions of £250,000 per month from 1 January 2018 until 28 February 2019 (as was previously agreed following the 2014 valuation to eliminate the deficit at that time). In addition to this, the Group has also agreed to pay additional contributions of £1.25 million per annum from 1 March 2019 to 31 December 2020 so that the Scheme may continue to de-risk and lock in the funding needed to pay out all future benefits in combination with a lower risk investment strategy.

The next actuarial valuation of the Scheme is due as at 31 December 2020, where the funding position of the Scheme will be reviewed. The administration costs of the Scheme, including investment management fees and Scheme levy payments, are currently paid by Brewin Dolphin Limited as they fall due.

Maturity of the Scheme

The liabilities of the Scheme are based on the current value of expected benefit payment cash flows to members of the Scheme over the next 60 years or so. The average duration of the liabilities is approximately nineteen years.

Summary of amounts recognised in the financial statements under IAS 19

In the consolidated financial statements, the Group accounts for pension costs, other post-retirement benefits and related redundancy provisions in accordance with IAS 19 Employee Benefits. Under the standard, the difference between the market values of Scheme assets and the present value of Scheme liabilities is reported as a surplus (asset) (to the extent a surplus may be seen) or deficit (liability) in the Balance Sheet. The accounting value shown on the Balance Sheet will always be different from the result obtained using the funding basis.

The pension valuation under IAS 19 as at 30 September 2019 was carried out by a qualified independent actuary.

In the preparation of the valuations under IAS 19 referred to in this note, the actuary has used the assumptions indicated below, which the Group has directed for the purposes of accounting and disclosure under IAS 19.

17. Defined benefit pension scheme continued

Amount, timing and uncertainty of future Scheme cash flows

A sensitivity analysis of the principal assumptions used to measure the Scheme's defined benefit obligation as at 30 September 2019 is set out further below. The sensitivities cover the key assumptions shown. The inflation assumption sensitivity factors in the impact of changes to RPI inflation which will impact on future expectations of increases in final pensionable salary (which are capped at RPI increases), pension increases and CPI inflation.

Explanation of the variance between funding valuation and IAS 19 valuation

The accounts show the Scheme has a surplus of £17.4 million under IAS 19 as at 30 September 2019 compared to the surplus of £7.2 million revealed by the last funding valuation as at 31 December 2017. The main reason for the difference in surplus is due to the different assumptions used to value the liabilities in the accounting and funding valuations for the Scheme, the funding valuation uses more cautious assumptions to value the liabilities while the accounting assumptions are derived in line with IAS 19. The positive actuarial experience of the Scheme over the period from 31 December 2017 and 30 September 2019 has also been a factor.

Defined benefit pension scheme asset recognition basis

Under IAS 19 the net defined benefit pension scheme asset that can be recognised is the lower of the surplus and the asset ceiling (i.e. the economic benefits available in the form of refunds or reductions in future contributions or a combination of both, in accordance with IFRIC 14 'IAS 19— The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'). Under the Scheme's Trust Deeds and Rules the Group is able, without condition or restriction placed on it by the Trustees, to run the Scheme until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies. Consequently, the Group recognises the full surplus calculated in accordance with IAS 19 and IFRIC 14.

Risks

The main risks to which the Group is exposed in relation to the pension scheme are:

Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise this risk.

Investment risk – the Scheme invests its assets in a diversified portfolio of assets. There are risks that the assets underperform relative to increases in the value of the Scheme's liabilities increasing the cost to the Group of the benefit provision. There is a risk that the assets invested in do not sufficiently match the characteristics of the Scheme's liabilities and so a fall in asset values is not similarly matched by a fall in the value of the liabilities. While certain assets are chosen that match the characteristics of the Scheme's liabilities and membership profile, the Scheme currently invests in a high proportion of equity and assets that are not expected to closely match the majority of the Scheme's liabilities. The Scheme invests in derivatives, predominantly interest rate and inflation rate swaps that are used to provide a liability matching overlay so that the value of these swaps and the gilts held match the majority of the movement in the liabilities to changes in interest rates and inflation. The Scheme's Trustees review the performance of the assets and structure of the portfolio on a regular basis to ensure the risks being taken under investment are commensurate with normal Trustees' principles and the ability of the Group to mitigate adverse investment experience.

Price inflation risk – some of the Scheme's benefits increase in line with price inflation and so if inflation is greater than expected, the costs of providing these benefits will increase. The Scheme holds government bonds with payments also linked to inflation to assist in mitigating this risk.

Financial derivatives risk – the Scheme directly holds derivatives in the form of interest rate swaps, inflation swaps and total return swaps with the aim of enhancing how the Trustees' matching assets match changes in the Scheme's liabilities on the funding basis. These are managed by the investment manager as well as all other assets and the Scheme Trustees determine the level of overall liability hedging that is employed. Other than these derivatives used for liability matching and reducing risks, the Scheme does not directly hold any financial derivatives, but these may be held by some of the investment funds that the Scheme invests in. The main risks associated with financial derivatives include losses may exceed the initial margin; counterparty risk where the other party defaults on the contract; and liquidity risk where it may be difficult to close out a contract prior to expiry. These risks are managed indirectly by the investment managers of the Scheme who will review the Scheme's return seeking assets and the level of investment risk taking to ensure it remains appropriate taking account of the Trustees' investment objectives.

The surplus recognised on the accounting basis is exposed to the risks that increases or decreases in the assets do not match those of the liabilities measured on the accounting basis. The asset liability matching is based on the Scheme's funding basis and so to the extent that the Group's measure for the liabilities in line with IAS 19 requirements changes relative to the measure of the liabilities on the funding basis which the assets are hedging, this could impact on the accounting surplus. The funding position on the funding basis is protected to some degree by the level of hedging that is adopted and the Trustees' plans to de-risk in future years as the funding position improves.

Scheme investment strategy and level of matching

The Scheme's investment strategy is to invest broadly 60% in higher return seeking assets (e.g. equities, high yielding bonds etc.) and 40% in matching assets (e.g. fixed interest gilts and index-linked gilts). The objective is to target an investment return of 1.8% per annum (net of fees) in excess of a portfolio of gilts that closely matches the behaviour of the Scheme's liabilities, falling to 0.5% per annum (net of fees) as the proportion of pensioner members increases to 100%. The Scheme also has a liability matching overlay to mirror the majority of the movement in the matching portfolio. This strategy reflects the Scheme's liability profile and the Trustees' and Group's attitude to risk. The asset allocations as at 30 September 2019 and 30 September 2018 are provided below, disaggregated between assets that are believed to have a quoted market price in an active market.

The Scheme was hedging up to 100% of interest rate risk and inflation risk as at 30 September 2019 to reduce financial risks to the Scheme and the risks of additional contribution requirement for the Group. The current longer-term objective is to continue to hedge around 100% of both the interest rate risk and inflation risk of the liabilities; this will help to further reduce funding level volatility.

None of the assets of the pension schemes are invested in the Group's own financial instruments and none of the assets are properties or other assets used by the Group.

Assumptions

A full actuarial valuation of the Scheme was carried out as at 31 December 2017 and has been updated to 30 September 2019 by a qualified independent actuary.

The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 30 September 2019	As at 30 September 2018
Discount rate	**1.80%**	2.80%
RPI inflation assumption	**3.10%**	3.30%
CPI inflation assumption	**2.10%**	2.30%
Rate of increase in salaries	**3.10%**	3.30%
LPI pension increases	**3.00%**	3.20%
Average assumed life expectancies for members on retirement at age 65.		
Retiring today:		
Males	**86.9 years**	88.4 years
Females	**89.2 years**	89.5 years
Retiring in 20 years:		
Males	**88.3 years**	89.7 years
Females	**90.7 years**	91.0 years

Scheme assets and liabilities

The assets in the Scheme were:

	2019 £'000	2018 £'000
Equities and property (quoted)	**36,189**	30,214
Fixed interest bonds (quoted)	**30,978**	26,024
Index linked bonds (quoted)	**29,505**	18,067
Liability hedging (quoted)	**7,188**	(1,583)
Currency hedging (quoted)	**(100)**	(161)
Alternatives (quoted)	**13,007**	17,661
Cash and cash equivalents	**8,468**	16,656
Fair value of scheme assets	**125,235**	106,878

Net asset recognised on the Balance Sheet:

	2019 £'000	2018 £'000
Present value of funded obligations	**(107,862)**	(95,470)
Fair value of scheme assets	**125,235**	106,878
Surplus in funded scheme and net asset on the Balance Sheet	**17,373**	11,408

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2019 £'000	2018 £'000
Benefit obligation at beginning of year	**95,470**	101,853
Past service cost[1]	**1,909**	–
Interest cost	**2,673**	2,590
Contributions by scheme participants	**–**	–
Net remeasurement gains – demographic	**(4,916)**	(876)
Net remeasurement losses/(gains) – financial	**16,834**	(3,736)
Net remeasurement (gains)/losses – experience	**(242)**	140
Benefits paid	**(3,866)**	(4,501)
Benefit obligation at end of year	**107,862**	95,470

1. The past service cost relates to the equalisation of the Guaranteed Minimum Pensions.

17. Defined benefit pension scheme continued

Reconciliation of opening and closing balances of the fair value of plan assets:

	2019 £'000	2018 £'000
Fair value of plan assets at beginning of year	**106,878**	106,340
Interest income on scheme assets	**2,967**	2,746
Return on assets, excluding interest income	**17,277**	(707)
Contributions by employers	**1,979**	3,000
Contributions by scheme participants	**–**	–
Benefits paid	**(3,866)**	(4,501)
Fair value of scheme assets at end of year	**125,235**	106,878

The amounts recognised in the Income Statement are:

	2019 £'000	2018 £'000
Past service cost[1]	**(1,909)**	–
Net interest income on the net defined benefit asset	**294**	156
Settlements and curtailments	**–**	–
Total (expense)/income	**(1,615)**	156

1. The past service cost relates to the equalisation of the Guaranteed Minimum Pensions.

Remeasurements of the net defined benefit asset included in Other Comprehensive Income ('OCI')

	2019 £'000	2018 £'000
Net remeasurement – demographic	**4,916**	876
Net remeasurement – financial	**(16,834)**	3,736
Net remeasurement – experience	**242**	(140)
Return on assets, excluding interest income	**17,277**	(707)
Total remeasurement of the net defined benefit asset included in OCI	**5,601**	3,765

Sensitivity analysis

It should be noted that the methodology and assumptions prescribed for the purposes of IAS 19 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

A sensitivity analysis of the principal assumptions used to measure the defined benefit pension scheme as at 30 September 2019 is set out below.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.25%	Increase by £ 5.4 million
Rate of inflation (RPI, CPI, inflation linked pension increases and salary increases)	Increase by 0.25%	Increase by £ 3.9 million
Assumed life expectancy	Members live 1 year longer	Increase by £ 5.3 million

The average duration of the pension scheme liabilities is in the region of nineteen years.

The sensitivity figures have been calculated using the same method used for the calculation of the disclosed liabilities as at 30 September 2019. There are no material limitations of the method used to calculate the sensitivities relative to the disclosed liabilities.

Following the announcement from the Government that there will be a consultation on when and how the Retail Prices Index should be aligned with 'CPIH' (a variant of the Consumer Prices Index ('CPI') allowing for occupiers' housing costs) at some point after 2025, there is uncertainty over the future level of RPI inflation and CPI inflation and therefore the Scheme's future benefit increases. In light of this uncertainty, the Group commissioned a high level analysis to determine the potential impact of any changes on the value of its pension scheme liabilities measured in line with IAS 19. This analysis has shown that there is a range of possible outcomes for how the IAS 19 liabilities could be affected but any deviation from the year end liability figures disclosed is not expected to be material.

18. Net deferred tax liability

Group

In addition to the amount debited to the Income Statement, deferred tax relating to the actuarial gain in the defined benefit pension scheme amounting to £945,000 has been debited to other comprehensive income (2018: £577,000 debited to other comprehensive income relating to the actuarial gain). Deferred tax on share-based payments of £600,000 has been debited to profit and loss reserves (2018: £541,000 debited to profit and loss reserves).

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting year:

	Capital allowances £'000	Revaluation £'000	Other short-term timing differences £'000	Defined pension benefit scheme £'000	Share-based payments £'000	Incentivisation awards £'000	Intangible asset amortisation £'000	Total £'000
At 30 September 2017	1,569	20	901	(763)	6,153	–	(1,137)	6,743
(Charge)/credit in the year to the Income Statement	(301)	–	26	(599)	(996)	95	312	(1,463)
Charge in the year to the Statement of Comprehensive Income	–	(21)	–	(577)	–	–	–	(598)
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(541)	–	–	(541)
At 30 September 2018	1,268	(1)	927	(1,939)	4,616	95	(825)	4,141
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**(4,096)**	**(4,096)**
Charge in the year to the Income Statement	**(304)**	**–**	**(99)**	**(69)**	**(313)**	**(64)**	**(350)**	**(1,199)**
Charge in the year to the Statement of Comprehensive Income	**–**	**–**	**–**	**(945)**	**–**	**–**	**–**	**(945)**
Charge in the year to the Statement of Changes in Equity	**–**	**–**	**–**	**–**	**(600)**	**–**	**–**	**(600)**
At 30 September 2019	**964**	**(1)**	**828**	**(2,953)**	**3,703**	**31**	**(5,271)**	**(2,699)**

Deferred income taxes are calculated using substantially enacted rates of UK corporate tax expected to be in force at the time assets are realised as follows:

Between 1 April 2018 and 31 March 2020	19%
After 1 April 2020	17%

19. Financial instruments

Group

Financial assets at fair value through profit and loss ('FVTPL')[1]

Level 1

	2019 £'000	2018 £'000
Listed investments	**373**	356
Financial assets at FVTPL	**373**	356

1. See note 32 for previous classification under IAS 39.

The fair value of financial assets at FVTPL is determined directly by reference to published prices in an active market where available. They are held in an unregulated subsidiary, Brewin Dolphin MP, whose sole objective is to provide seed capital to the model portfolios managed under an investment mandate by Brewin Dolphin Limited. See note 27 for details of financial instruments risk management.

Financial assets at fair value through other comprehensive income ('FVTOCI')[1]

Level 3

	Unlisted investments £'000
At 30 September 2017	736
Impairment	(162)
Net gain from changes in fair value recognised in equity	2
Reversal of accumulated fair value losses recognised in equity on impairment	106
Disposals	(6)
At 30 September 2018	676
Net gain from changes in fair value recognised in equity	**1**
Disposals	**(598)**
At 30 September 2019	**79**

	2019 £'000	2018 £'000
Equity	**79**	90
Asset-backed security	**–**	586
Financial assets at FVTOCI	**79**	676

1. See note 32 for previous classification under IAS 39.

20. Cash and cash equivalents

Group

	2019 £'000	2018 £'000
Cash and cash equivalents	**229,199**	186,222

Company

	2019 £'000	2018 £'000
Cash and cash equivalents	**47,000**	1,445

Cash and cash equivalents comprise cash at banks. The carrying amount of these assets is equivalent to their fair value.

21. Trade and other payables

Group

	2019 £'000	2018 £'000
Current liabilities		
Trade creditors	**141,523**	99,189
Other creditors	**2,159**	842
Other taxes and social security	**10,547**	11,923
Accruals	**66,653**	64,123
Contract liabilities	**39**	27
Trade and other payables	**220,921**	176,104

	2019 £'000	2018 £'000
Non-current liabilities		
Other creditors	**832**	926
Trade and other payables	**832**	926

Trade creditors relate to either market or client transactions; the date for settlement is determined when the trade is booked.

Company

	2019 £'000	2018 £'000
Current liabilities		
Accruals	**154**	–
Deferred income	**5,551**	4,366
Amounts payable to subsidiary undertakings	**7,334**	7,334
Trade and other payables	**13,039**	11,700

22. Provisions

Group

	At 30 September 2018 £'000	Additions £'000	Utilisation of provision £'000	Unwinding of discount £'000	Unused amounts reversed £'000	At 30 September 2019 £'000
Sundry claims and associated costs	746	**138**	**(503)**	**–**	**(43)**	**338**
Onerous contracts	4,664	**1,071**	**(868)**	**48**	**(75)**	**4,840**
Social security and levies on share awards	3,455	**1,034**	**(1,364)**	**–**	**(104)**	**3,021**
Incentivisation awards	496	**340**	**–**	**18**	**–**	**854**
Deferred and/or contingent consideration	210	**7,766**	**(118)**	**30**	**–**	**7,888**
Leasehold dilapidations	2,087	**330**	**(33)**	**34**	**(76)**	**2,342**
	11,658	**10,679**	**(2,886)**	**130**	**(298)**	**19,283**

	Current liability £'000	Non-current liability £'000	Total £'000
Sundry claims and associated costs	338	–	338
Onerous contracts	613	4,227	4,840
Social security and levies on share awards	1,326	1,696	3,022
Incentivisation awards	533	320	853
Deferred and/or contingent consideration	1,403	6,485	7,888
Leasehold dilapidations	137	2,205	2,342
At 30 September 2019	**4,350**	**14,933**	**19,283**

22. Provisions continued

The Group recognises provisions for the following:

Sundry claims and associated costs

The timing of the settlements is unknown, but it is expected that they will be resolved within 12 months.

Onerous contracts

The provision is in respect of surplus office space. The valuation of an onerous contract is based on the best estimate of the likely costs discounted to present value. Where the provision is in relation to leasehold obligations on premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation.

The maximum exposure is approximately £9.9 million as at 30 September 2019 (2018: £9.8 million) and represents the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts if the assumption regarding future uncommitted sublets is removed and the time value of money is ignored. The longest lease term has 13.5 years remaining and accounts for £7.0 million of the maximum exposure.

Social security and levies on share awards

The provision is in respect of Employer's National Insurance and Apprenticeship Levy on share awards outstanding at the end of the year. The provision is based on the Group's share price, the amount of time passed and likelihood of the share awards vesting and represents the best estimate of the expected future cost.

Incentivisation awards

The provision is in respect of incentivisation awards that are payable to employees in relation to the retention and acquisition of funds and is based on the best estimate of the likely future obligation discounted for the time value of money.

Deferred and/or contingent consideration

The provision is for deferred and/or contingent consideration relating to the acquisition of both subsidiaries and asset purchases. It is based on the best estimate of the likely future obligation discounted for the time value of money.

Leasehold dilapidations

The provision is in respect of the expected dilapidated costs that will arise at the end of the lease. The leases covered by the provision have a maximum remaining term of 13.5 years.

See note 4b.v. for key sources of estimation uncertainty impacting the provisions.

23. Share capital

Group and Company

	2019 No.	2018 No.	**2019 £'000**	2018 £'000
Authorised:				
Ordinary shares of 1p each	**500,000,000**	500,000,000	**5,000**	5,000
Allotted, issued and fully paid: Ordinary shares of 1p each	**303,171,134**	283,440,000	**3,032**	2,834

During the year the following shares were issued:

	Date	No. of shares	Exercise price/Issue price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 1 October 2018		283,440,000		2,834	152,477	155,311
Share premium reduction	28 February 2019			**–**	**(152,515)**	**(152,515)**
Placing	10 May 2019	**19,672,131**	**305.0p**	**196**	**59,804**	**60,000**
Cost of issue of shares	Various			**–**	**(1,623)**	**(1,623)**
Issue of options	Various	**59,003**	**131.3p-165.7p**	**2**	**95**	**97**
At 30 September 2019		**303,171,134**		**3,032**	**58,238**	**61,270**

A capital reduction was approved by shareholders at the Annual General Meeting held on 1 February 2019 and became effective on 28 February 2019 after the High Court of Justice in England and Wales made an order confirming the cancellation of the amount standing to the credit of the Company's share premium account under section 648 of the Companies Act 2006. The balance from the share premium account was transferred to the profit and loss account.

The rights and obligations attached to the ordinary shares of 1 penny each in the Company are as follows:

- In terms of voting every member who is present in person or by proxy at a general meeting of the Company shall have one vote on a show of hands and one vote for every share held on a poll.
- As regards dividends, all shares in issue at the year end rank pari passu for dividends. Shareholders shall be entitled to receive dividends following declaration by the Company. Dividends are not payable in respect of any nil paid shares that may be held by the Trustees in Brewin Dolphin Holdings PLC Employee Share Ownership Trust (the 'Trust').
- The Trustees of the Brewin Dolphin Holdings PLC Employee Share Ownership Trust have agreed to waive all dividends due on the shares held in the Trust, 8,047,595 ordinary shares as at 30 September 2019 (2018: 8,491,582).
- There are no special rights for the ordinary shares in relation to control of the Company.

On a change of control, the following criteria will apply:

- 2004 Approved Share Option Schemes: Options can be exercised within 30 days of control being obtained. The options will lapse after six months.
- Long Term Incentive Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.
- Deferred Profit Share Plan: A replacement award could be made over shares in the acquiring company, otherwise the shares will vest in full and can be exercised within six months of control being obtained.
- Share Incentive Plan: No Matching Shares shall be forfeited as a consequence of a change of control.
- Equity Award Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.

The following options and awards have been granted and remain outstanding:

Scheme	Grant date	Exercise price	2019 No.	2018 No.
2004 Approved Share Option Scheme:				
	December 2009	165.7p	**50,503**	95,256
	December 2010	148p	**42,807**	54,807
	December 2011	131.3p	**15,500**	18,000
			108,810	168,063
Deferred Profit Share Plan[1]:				
	December 2012	Nil	**–**	129,820
	December 2013	Nil	**38,374**	128,068
	December 2014	Nil	**99,718**	155,706
	December 2015	Nil	**361,631**	2,146,309
	December 2016	Nil	**1,900,619**	1,943,540
	December 2017	Nil	**2,053,963**	2,094,097
	December 2018	Nil	**2,478,216**	–
			6,932,521	6,597,540
Equity Award Plan[1]:				
	December 2015	Nil	**–**	240,901
	February 2017	Nil	**47,908**	47,908
	August 2017	Nil	**6,422**	17,423
	May 2018	Nil	**3,032**	3,032
	December 2018	Nil	**109,441**	–
	January 2019	Nil	**22,608**	–
	March 2019	Nil	**64,143**	–
	June 2019	Nil	**4,138**	–
			257,692	309,264
Long-term Incentive Plan[2]:				
	December 2015	Nil	**–**	986,503
	December 2016	Nil	**1,029,938**	1,039,424
	December 2017	Nil	**806,692**	820,378
	December 2018	Nil	**978,243**	–
			2,814,873	2,846,305
Share Award Agreement[1]:				
	March 2019	Nil	**148,790**	–
			148,790	–
Total options and awards outstanding as at 30 September			**10,262,686**	9,921,172

1. These options do not count towards dilution limits because the shares have been purchased in the market by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust.
2. These options may be purchased in the market by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust, in these circumstances they do not count towards dilution limits.

24. Own shares

Group and Company

The own shares reserve represents the matching shares purchased in the market and held by the Brewin Dolphin Share Incentive Plan and shares purchased by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust ('ESOT').

	No. of shares	£'000
Balance at 30 September 2017	9,977,466	25,921
Acquired in the year	3,585,494	13,507
Own shares disposed of on exercise of options	(4,915,048)	(13,368)
Balance at 30 September 2018	8,647,912	26,060
Acquired in the year	**2,689,230**	**8,898**
Own shares disposed of on exercise of options	**(3,131,166)**	**(9,744)**
Balance at 30 September 2019	**8,205,976**	**25,214**

	2019 No.	2018 No.
Shares held by:		
Brewin Dolphin Holdings PLC ESOT	**8,047,595**	8,491,582
Brewin Dolphin Share Incentive Plan	**158,381**	156,330
Balance at 30 September	**8,205,976**	8,647,912

25. Other reserves

Merger reserve

The merger reserve is used where more than 90% of the share capital in a subsidiary is acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under Section 612 of the Companies Act 2006. £38.4 million of the merger reserve arose on a placing of the Company's shares and forms part of the distributable reserves.

Group

	£'000
Balance at 30 September 2018	70,553
Balance at 30 September 2019	**70,553**

Company

	£'000
Balance at 30 September 2018	70,838
Balance at 30 September 2019	**70,838**

Profit and loss account

The profit and loss reserve forms part of distributable reserves, subject to the profits being realised.

Company

	£'000
Balance at 30 September 2018	50,826
Balance at 30 September 2019	**154,605**

Revaluation reserve

The revaluation reserve represents the cumulative fair value movements on FVTOCI financial instruments recognised in other comprehensive income and does not form part of distributable reserves.

Group

	£'000
Balance at 30 September 2018	2
Balance at 30 September 2019	**3**

Hedging reserve

The hedging reserve represents the cumulative fair value movements on FVTOCI financial derivatives recognised in other comprehensive income and does not form part of distributable reserves.

Group and Company

	£'000
Balance at 30 September 2018	–
Balance at 30 September 2019	**(24)**

26. Business combinations

Group

a. Aylwin Limited

On 11 March 2019, the Group's principal operating subsidiary, Brewin Dolphin Limited, acquired 100% of the ordinary share capital of Aylwin Limited ('Aylwin'), an unlisted company based in Surrey which specialises in the provision of financial planning services.

Aylwin was acquired to expand the Group's financial planning activities in Southern England and contribute to the delivery of the Group's strategic objectives. In turn, Aylwin's clients will benefit from access to Brewin Dolphin's broader product and service offering.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	1,944
Net assets acquired for cash	428
Deferred consideration (see ii below)	1,968
Total purchase consideration	4,340

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

Amounts recognised:

	£'000
Non-current assets	
Intangible asset – client relationships[1]	3,912
Current assets	
Trade and other receivables	133
Cash and cash equivalents	511
Current liabilities	
Trade and other payables	(216)
Non-current liabilities	(665)
Identifiable net assets acquired	3,675
Goodwill	665

1. The fair value of Aylwin's client relationship intangible assets has been measured using a multi-period excess earnings method. The model uses estimates of client longevity and the level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the client relationships acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	2,372
Less: net assets acquired for cash	(428)
Total net cash outflow[1]	1,944

1. Shown in the line item 'Acquisition of subsidiaries' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs amounting to £73,800 have been recognised as an expense in the Income Statement in the current year.

ii. Deferred consideration

The deferred consideration comprises two cash payments of £1 million each, due on the first and second completion anniversaries. The fair value of the deferred consideration payments has been estimated to be £1,944,000 after calculating the present value of the future cash flows.

iii. Revenue and profit contribution

Aylwin contributed revenues of £645,000 and profit after tax of £130,000 to the Group for the period from 12 March 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £1,257,000 and £265,000 higher respectively.

26. Business combinations continued

b. Mathieson Consulting Limited

On 1 April 2019, Brewin Dolphin Limited acquired 100% of the ordinary share capital of Mathieson Consulting Limited ('MC'), a consultancy business, that provides an expert witness report service covering pensions. MC was acquired to expand the Group's professional service offering and contribute to the delivery of the Group's strategic objectives.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	736
Net assets acquired for cash	413
Deferred consideration (see ii below)	652
Total purchase consideration	1,801

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

	£'000
Non-current assets	
Property, plant and equipment	12
Intangible asset – brand[1]	1,388
Current assets	
Trade and other receivables	192
Cash and cash equivalents	362
Current liabilities	
Trade and other payables	(153)
Non-current liabilities	(236)
Identifiable net assets acquired	1,565
Goodwill	236

1. The fair value of MC's brand intangible asset has been measured using a multi-period excess earnings method. The model uses the expected level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the brand acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	1,149
Less: net assets acquired for cash	(413)
Total net cash outflow[1]	736

1. Shown in the line item 'Acquisition of subsidiaries' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs amounting to £68,300 have been recognised as an expense in the Income Statement in the current year.

ii. Deferred consideration

The deferred consideration comprises three payments, on each of the first three completion anniversaries. The fair value of the payments has been estimated to be £652,000 after calculating the present value of the future cash flows.

iii. Revenue and profit contribution

MC contributed revenues of £528,000 and profit after tax of £57,000 to the Group for the period from 1 April 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £1,031,000 and £120,000 higher respectively.

c. Epoch

On 9 August 2019, Brewin Dolphin Limited acquired the assets and staff of Epoch Wealth Management LLP, an IFA firm based in Bath, for an initial payment of £10.0 million, an estimated deferred consideration of £1.5 million and an estimated contingent consideration of £7.75 million which is subject to performance conditions. The acquisition is expected to increase the Group's market share.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	10,000
Contingent consideration (see ii below)	8,792
Total purchase consideration	18,792

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

	£'000
Non-current assets	
Intangible asset – client relationships[1]	18,792
Non-current liabilities	(3,195)
Identifiable net assets acquired	15,597
Goodwill	3,195

1. The fair value of Epoch's client relationship intangible assets has been measured using a multi-period excess earnings method. The model uses estimates of client longevity and the level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the client relationships acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	10,000
Total net cash outflow[1]	10,000

1. Shown in the line item 'Purchase of intangible assets – client relationships' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs of £461,000 have been recognised as an expense in the Income Statement in the current year.

ii. Contingent consideration

The contingent consideration comprises three separate payments. The estimated first contingent consideration comprises a single cash payment due 18 months following the acquisition date. The fair value of the payment has been estimated to be £1,476,000 after calculating the present value of the future cash flows. The estimated second contingent consideration has been fair valued at £7,316,000 and will be settled in both cash and the Company's shares, upon satisfaction of the performance conditions. This contingent consideration is payable at the end of the twelve-month performance period to 30 September 2022; the measurement of performance can be delayed under certain circumstances by the seller. A third contingent consideration will be settled in both cash and the Company's shares at the end of 30 September 2024 if performance conditions are met. As at 30 September 2019, it is not expected that this contingent consideration will be payable, therefore it has been estimated as £nil.

iii. Acquired tangible assets and other assets

The fair value of the acquired Property, Plant and Equipment and other assets is £nil.

iv. Revenue and net profit

The acquired business contributed revenues of £618,000 and profit after tax of £130,000 to the Group for the period from 9 August 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £4,339,000 and £467,000 higher respectively.

d. Investec Capital & Investments (Ireland) Limited

The acquisition completed on 31 October 2019, see note 33 for further details. Acquisition-related costs of £1,734,000 are included in the Income Statement in the current year.

2018

Group

There were no business combinations during 2018.

27. Risk management

Overview

This note presents information about the Group's exposure to each of the financial instrument key risks (market risk, credit risk and liquidity risk), the Group's policy and procedures for measuring and managing risk and the Group's management of capital.

Risk management

The Board of Directors has overall responsibility for establishing and overseeing the Group's Risk Management Framework and risk appetite.

The Board has established a clear relationship between the Group's strategic objectives and its willingness to take risk through a Risk Appetite Statement. The Risk Appetite Statement is an expression of limits (qualitative and/or quantitative) giving clear guidance on the nature and quantum of risk that the Board wishes the Group to bear (its 'risk appetite') in order to achieve its strategic objectives whilst remaining within all regulatory constraints and its own defined levels of capital and liquidity. The Board reviews the statement and related qualitative and quantitative measures on at least an annual basis to ensure the document continues to reflect the Board's appetite for risk within the context of the environment in which the Group operates.

The Group's Risk Committee provides oversight of the adequacy of the Group's Risk Management Framework based on the risks to which the Group is exposed. It monitors how management complies with the Group's risk management policies and procedures. It is assisted in the discharge of this duty by the Group's Risk & Compliance Department which has responsibility for monitoring the overall risk environment of the Group. The Risk Committee also regularly monitors exposure against the Group's Risk Appetite.

The Group's Audit Committee is responsible for overseeing the financial statements and working closely with the Risk Committee, for both review and oversight of internal controls. The Audit Committee is assisted in the discharge of its obligations by Internal Audit who undertake periodic and ad-hoc reviews on the effectiveness of controls and compliance with risk management policies.

The Group's risk management policies are intended to ensure that risks are identified, evaluated and subject to ongoing monitoring and mitigation (where appropriate). The risk management policies also serve to set the appropriate control framework. The aim is to promote a robust risk culture with employees across the Group understanding their role and obligations under the framework.

Capital structure and capital management

The capital structure of the Group and Company consists of issued share capital, reserves and retained earnings as disclosed in the Consolidated and Company Statement of Changes in Equity.

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. Capital adequacy is given a high level of focus to ensure not only that regulatory capital requirements are met, but that the Group is sufficiently capitalised against the risks to which it is currently exposed, as well as to withstand a range of potential stress events.

There were no changes in the Group's approach to capital management during the year.

Regulatory capital requirements

The Group conducts an Internal Capital Adequacy Assessment Process ('ICAAP'), as required by the Financial Conduct Authority ('FCA') to assess the appropriate amount of regulatory capital to be held by the Group. There are two active regulated entities in the Group: Brewin Dolphin Limited ('BDL') regulated by the FCA and Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited) regulated by the Central Bank of Ireland. The Jersey branch of BDL is regulated by the Jersey Financial Services Commission.

The Pillar II capital assessment of the ICAAP is the Board of Directors' opinion of the level of capital the Group should hold against the risks to which the Group is exposed. The ICAAP is kept updated throughout the year to take account of changes to the profile of the risks facing the Group and for any material changes to strategy or business plans. The ICAAP is discussed and approved at a Brewin Dolphin Holdings PLC Board meeting at least annually.

Regulatory capital adequacy is monitored by management. The Group uses the standardised approach to credit risk to calculate Pillar I requirements. The Group complied with the FCA's regulatory capital requirements throughout the year.

The regulatory capital resources of the Group were as follows:

	2019 £'000	2018 £'000
Share capital	**3,032**	2,834
Share premium account	**58,238**	152,477
Own shares	**(25,214)**	(26,060)
Hedging reserve	**(24)**	–
Revaluation reserve	**3**	2
Merger reserve	**70,553**	70,553
Profit and loss account	**231,115**	73,931
	337,703	273,737
Shares to be issued	**3,668**	–
Regulatory capital resources before deductions	**341,371**	273,737
Deduction – Intangible assets (net of deferred tax liability)	**(111,042)**	(83,476)
Deduction – Defined benefit pension scheme asset (net of deferred tax liability)	**(14,420)**	(9,469)
Deduction – Free deliveries	**(11)**	(14)
Total regulatory capital resources after deductions at 30 September	**215,898**	180,778

Information disclosure under Pillar 3 of the Capital Requirements Directive will be published on the Group's website before 31 December 2019 at www.brewin.co.uk.

Significant accounting policies

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed in note 3t to the financial statements.

Categories of financial instruments

Group

	Carrying value	
	2019 £'000	2018 £'000
Financial assets		
Financial assets at FVTOCI[1]	**79**	676
Financial assets at FVTPL[1]	**373**	356
Current loans and receivables	**206,494**	162,656
Cash and cash equivalents	**229,199**	186,222
At 30 September	**436,145**	349,910
Financial liabilities		
Shares to be issued including premium	**3,668**	–
Financial liabilities at FVTPL – deferred and contingent consideration	**7,888**	–
Amortised cost	**202,924**	156,364
At 30 September	**214,480**	156,364

1. See note 32 for previous classification under IAS 39.

Company

	Carrying value	
	2019 £'000	2018 £'000
Financial assets		
Current loans and receivables	**38,967**	72,679
Cash and cash equivalents	**47,000**	1,445
At 30 September	**85,967**	74,124
Financial liabilities		
Shares to be issued including premium	**3,668**	–
Amortised cost	**7,346**	7,334
At 30 September	**11,014**	7,334

27. Risk management continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to both control and manage exposure within the Group's risk appetite whilst accepting the inherent risk of market fluctuations.

The Group undertakes trades on an agency basis on behalf of its clients. The Group holds financial instruments as principal but does not trade as principal. All trades are matched in the market (see note 16).

The Group transacts foreign currency deals in order to fulfil our client obligations and any non-sterling costs to our business. Foreign currency exposure is matched intra-day and at the end of each day.

The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year end was a debtor of £804,000 (2018: £687,000).

The Group is exposed to translation risk in respect of the foreign currency value of the net assets of Brewin Dolphin Wealth Management Limited ('BDWM') (formerly known as Tilman Brewin Dolphin Limited). At the year end BDWM had net assets of £5.1 million (2018: £4.7 million) denominated in its local currency (Euros).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year with the exception of the cash flow hedge detailed below.

Cash flow hedge

During the year, the Group undertook a short-term cash flow hedge for €52.0 million (see below) to mitigate foreign exchange risk, ahead of the completion of an acquisition (see note 33). This was the only derivative held during the year (2018: none).

Timing profile of the nominal amount of the hedging instruments

i. Hedging instruments

The following table shows the maturity and foreign exchange risk profile of the Group's hedging instrument used in its cash flow hedge during the year:

	Maturity date	Up to 6 months £'000	Total £'000
Foreign exchange price risk			
Forward contract	27 September 2019	46,005	46,005

ii. Average price or rate of the hedging instruments

	Average price or strike price
Foreign exchange price risk	
Forward contract	1.12972

Hedge effectiveness

The following table shows the hedging gains or losses of the reporting period that were recognised in other comprehensive income:

	Hedging loss recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in the statement of comprehensive income that includes hedge ineffectiveness £'000	Amount reclassified to P&L because hedged future cash flows are no longer expected to occur £'000	Amount reclassified to P&L because hedged item has affected P&L £'000	Line item that includes the reclassification adjustments £'000	Hedging gain or loss recognised in separate line item for hedges of net position £'000
Foreign exchange price risk							
Forward contract	(24)	–	n/a	n/a	n/a	n/a	(24)

Reconciliation of hedging reserve

The table below shows the impact of the hedging activity on the cash flow hedging reserve:

	£'000
At 30 September 2018	–
Hedging loss	**(24)**
At 30 September 2019	**(24)**

Equity price risk

The Group is exposed to equity price risk arising from both FVTOCI and FVTPL investments (see note 19).

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Pre-tax profit for the year ended 30 September 2019 would have been £18,650 higher/lower (2018: £17,750 higher/lower) due to changes in the fair value of financial assets at fair value through profit or loss; and
- Other equity reserves as at 30 September 2019 would increase/decrease by £3,900 (2018: increase/decrease by £4,500) pre-tax for the Group as a result of the changes in fair value of financial assets through other comprehensive income.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

Interest rate risk

The Group is exposed to interest rate risk in respect of the Group's cash and in respect of client deposits. The Group holds client and firm deposits on demand and in either 30 and 95 day notice accounts and 32 and 35 day notice accounts (variable interest rates), respectively. Client deposits are fully segregated from the Group's deposits and held in separate accounts. During the year a 1% increase in base rate would have increased pre-tax profit by £1,159,000 (2018: £1,040,000).

Credit risk

Credit risk refers to the risk that a client or other counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from the settlement of client and market transactions ('settlement risk') and cash deposited at banks.

The Company has credit risk resulting from intercompany balances held with its subsidiaries; these are reviewed for impairment at each reporting date.

Settlement risk

Exposures to settlement risk are spread across a large number of counterparties and clients. A delivery versus payment ('DVP') settlement method is also used for the majority of transactions, ensuring that securities and cash are exchanged within a short period of time. Consequently, no residual maturity analysis is presented. The Group also holds collateral in the form of cash, as well as equity and bonds which are quoted on recognised exchanges. This collateral is held, principally, in Group nominee accounts.

Concentration of credit risk

The Group has no significant concentration of credit risk with the exception of cash where the majority is spread across four major banking groups.

Maximum exposure

The maximum exposure to credit risk at the end of the reporting year is equal to the Balance Sheet figure.

Credit exposure

Credit exposure in relation to settlement risk is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current year of £16,403 (2018: £16,633).

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the year end was £179,000 (2018: £209,000). Collateral valued at fair value by the Group in relation to these impaired assets was £136,000 (2018: £180,000). This collateral is stock held in the clients' account which per our client terms and conditions can be sold to meet any unpaid liabilities falling due. The net difference has been provided as an allowance for credit impaired assets (see note 16). Note 16 details amounts past due but not impaired.

27. Risk management continued

Non-impaired assets

Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds and equity trades quoted on a recognised exchange, which are matched in the market, and are either traded on a DVP basis or against a client's portfolio in respect of which any one trade would normally be a small percentage of the client's collateral held by the Group's nominees. At the year end no financial assets that would otherwise be past due or impaired had been renegotiated (2018: none).

Loans to employees are repayable over a maximum of 3 years (see note 16).

The credit risk on liquid funds, cash and cash equivalents is limited as deposits are diversified across a panel of major banks. This ensures that the Group is not excessively exposed to an individual counterparty. The Group's policy requires cash deposits to be placed with banks with a minimum short-term credit rating of A-2 (S&P) / P-2 (Moody's) / F-2 (Fitch), excluding Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited). Requirements and limits are reviewed on a regular basis. The Group's allocation of cash and cash equivalents to S&P rating grades has been outlined in the below table:

	A-1+	A-1	A-2	Below A-2
Cash and cash equivalents	0.3%	97.3%	2.4%	0.0%

The Group maintains a set of Credit Risk policies which are regularly reviewed by the Board. A due diligence review is also performed on all counterparties on an annual basis, at a minimum. The investment of cash is managed by the Treasury Team.

There has been no material change to the Group's exposure to credit risk during the year.

Liquidity risk

Liquidity risk refers to the risk that the Group will be unable to meet its financial obligations as they fall due. The Group maintains adequate cash resources to meet its financial obligations at all times. When investing cash belonging to the Group or its clients, the focus is on security of principal and the maintenance of liquidity. Client money is held in segregated client bank accounts with strict limits on deposit tenors, in accordance within regulatory guidelines designed to minimise liquidity risk.

The Group has a Liquidity Policy which is reviewed by the Board regularly. The Group's intention, at all times is to operate with an amount of liquid resources which provides significant headroom above that required to meet its obligations. Group cash resources are monitored on a daily basis through position reports and liquidity requirements are analysed over a variety of forecast horizons. Liquidity stress tests are regularly conducted to ensure ongoing liquidity adequacy, and a Contingency Funding Plan is also maintained to provide backup liquidity in the unlikely event of a severe liquidity stress event.

At 30 September 2019, the Group had access to a revolving credit facility of £10 million (2018: £10 million overdraft).

There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk during the year.

Group

The following are the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	**–**	**–**	**–**	**3,668**	**–**	**3,668**
Financial liabilities at FVTPL – deferred and contingent consideration	**–**	**–**	**1,403**	**6,485**	**–**	**7,888**
Amortised cost	**150,044**	**31,808**	**19,920**	**1,152**	**–**	**202,924**
	150,044	**31,808**	**21,323**	**11,305**	**–**	**214,480**

At 30 September 2018

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	105,951	33,003	16,484	926	–	156,364
	105,951	33,003	16,484	926	–	156,364

Company

The following are the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	**–**	**–**	**–**	**3,668**	**–**	**3,668**
Amortised cost	**7,346**	**–**	**–**	**–**	**–**	**7,346**
	7,346	**–**	**–**	**3,668**	**–**	**11,014**

At 30 September 2018

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	7,334	–	–	–	–	7,334
	7,334	–	–	–	–	7,334

27. Risk management continued

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis[1]

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined.

	Fair value as at 30 September 2019 £'000	Fair value as at 30 September 2018 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 1					
Financial assets at FVTPL	**373**	356	Quoted bid prices in an active market.	n/a	n/a
Level 3					
Financial assets at FVTOCI – Equity	**48**	59	The valuation is based on published monthly NAVs.	Marketability discount up to 30%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI – Equity	**31**	31	The valuation is based on the net assets as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI – Asset-backed securities	**–**	586	The valuation is based on the fair value of the loan notes as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.

1. See note 32 for previous classification under IAS 39.

Sensitivity analysis

A sensitivity analysis of the significant unobservable inputs used in valuing the Level 3 financial instruments is set out below:

Financial asset	Assumption	Change in assumption	Impact on valuation
Current assets – financial assets at FVTOCI – Equity	Marketability discount	Increase by 5%	Decrease by £2,400

Fair value hierarchy

At 30 September 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Equities	**373**	**–**	**–**	**373**
Financial assets at FVTOCI				
Equities	**–**	**–**	**79**	**79**
Total	**373**	**–**	**79**	**452**

At 30 September 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Held-for-trading				
Equities	356	–	–	356
Available-for-sale financial assets				
Equities	–	–	90	90
Asset-backed securities	–	–	586	586
Total	356	–	676	1,032

Reconciliation of Level 3 fair value measurement of financial assets:

Financial assets at FVTOCI[1]

	Total £'000
Balance at 30 September 2017	736
Impairment	(162)
Reversal of accumulated fair value losses recognised in equity on impairment	106
Net gain from changes in fair value recognised in equity	2
Disposals	(6)
Balance at 30 September 2018	676
Net gain from changes in fair value recognised in equity	**1**
Disposals	**(598)**
Balance at 30 September 2019	**79**

1. See note 32 for previous classification under IAS 39.

28. Share-based payments

The Group recognised total expenses in the year of £7,769,000 (2018: £8,915,000) related to equity-settled share-based payment transactions. For a summary of all options and awards outstanding at the year end see note 23.

Equity-settled share option schemes

The Group has one plan, the 2004 Approved Option Scheme ('the Scheme'), for the granting of non-transferable options to employees. All options granted have fully vested and the services received from employees entitled to options under the Scheme have been fully expensed.

Other equity-settled share-based payment plans

Long Term Incentive Plan ('LTIP')

The LTIP is a conditional arrangement under which contingent share awards can be made to selected senior management, including the Executive Directors. Details regarding the awards to the Executive Directors are set out in the Remuneration Report. The award will vest in one tranche, no earlier than three years from the grant date. Vesting will be subject to performance conditions which are set prior to each grant by the Remuneration Committee. The performance conditions will be related to the financial performance of the Group.

During 2019, the Group granted 978,243 LTIP awards which have an aggregate fair value of £2,626,000 at the date of grant. The Black-Scholes model is used to fair value the LTIP at the date of grant. The inputs into the Black-Scholes model used for the purposes of determining fair value were as follows:

Weighted average share price	322p
Weighted average exercise price	0.0p
Expected volatility	1.24%
Expected life (yrs)	3
Risk free rate	20.46%
Expected dividend yield	6.07%

Share Incentive Plan ('SIP')

Employees who have been employed for longer than six months and are subject to PAYE are invited to join the SIP. Employees may use funds from their gross salary (being not less than £10 and not greater than £150) to purchase ordinary shares in the Company ('Partnership Shares'). For every Partnership Share purchased, the employee receives matching shares (up to a total value of £20 per month). Employees are offered an annual opportunity to top up contributions to the maximum annual limit of £1,800 (or 10% of salary if lower). All shares to date awarded under this scheme have been purchased in the market monthly. It is the intention of the Directors to continue this policy in the year to 30 September 2020.

Deferred Profit Share Plan ('DPSP')

The DPSP provides for eligible employees to defer part of their annual profit share entitlement into an award over ordinary shares (an 'Award'). Current policy is that employees receiving annual profit share in excess of £50,000 are required to defer 33% of any profit share in excess of this amount for a period of three years. Additional deferral requirements apply to Executive Directors which are set out in the Directors' Remuneration Report. Awards are generally in the form of nil cost options to acquire ordinary shares, although at the discretion of the Remuneration Committee they may also take the form of a conditional right to receive ordinary shares. Awards in the form of mandatory deferrals made to the employees who leave the Group at any time prior to vesting lapse unless the employee leaves as a result of good leaver provisions. It is the intention of the Board to recommend our Trustees to purchase the shares in the market to satisfy options awarded under this scheme in order to avoid dilution in the year to 30 September 2020.

During 2019, the Group granted 2,520,124 DPSP options which have an aggregate fair value of £8,114,799 at the date of grant.

28. Share-based payments continued

Equity Award Plan ('EAP')

The EAP is a discretionary arrangement under which contingent share awards can be made to selected employees within the Group below Board level, for example to reward exceptional performance on behalf of the Group or in certain circumstances to aid key staff retention. Awards are generally in the form of conditional share awards, although at the discretion of the Remuneration Committee they may also take the form of share options. Awards will normally vest three years after grant subject to continued service provisions. Awards will only be capable of being satisfied with existing shares sourced via the Company's employee benefit trust. No newly issued shares and/or treasury shares can be used under the EAP. Only non-director employees are eligible for selection to participate in the plan.

During 2019, the Group granted 211,453 EAP awards which have an aggregate fair value of £666,100 at the date of grant.

Share Award Agreement (SAA)

The SAA was established specifically to facilitate the recruitment of the Chief Financial Officer and mirrors the rules of the LTIP subject to variations as set out in the SAA. The SAA was made in the form of conditional share awards with varying vesting dates. No performance conditions were attached to the SAA. The SAA is only capable of being settled by the transfer of existing shares via the ESOT and no newly issued or treasury shares can be used to satisfy the awards.

During 2019, the Group granted an award over 187,206 shares which have an aggregate fair value of £580,000 at the date of grant.

29. Operating lease arrangements

Group

The Group recognised operating lease payments as an expense in the year as follows:

	2019		2018	
	Land and buildings £'000	**Hire of equipment £'000**	Land and buildings £'000	Hire of equipment £'000
Lease payments	**7,744**	**297**	6,884	332
	7,744	**297**	6,884	332

The Group has significant operating lease arrangements with respect to the premises it occupies. Hire of equipment is in relation to multifunctional printers and vending machines.

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

	2019		2018	
	Land and buildings £'000	**Hire of equipment £'000**	Land and buildings £'000	Hire of equipment £'000
Amounts payable under operating leases:				
Within one year	**8,828**	**221**	8,569	216
In the second to fifth years inclusive	**33,334**	**30**	31,603	156
After five years	**27,468**	**–**	25,696	–
	69,630	**251**	65,868	372

The balances disclosed above include future minimum onerous operating lease payments which are included in the onerous contracts provision calculation (see note 22).

As at 30 September 2019, there was £6.6 million (2018: £7.1 million) of future minimum sublease payments expected to be received under non-cancellable subleases. These expected future sublease receipts have been deducted in arriving at the onerous contracts provision (see note 22).

30. Contractual commitments

Group

Capital expenditure authorised and contracted for at 30 September 2019 but not provided in the Financial Statements amounted to £7.8 million (2018: £2.1 million).

31. Notes to the Cash Flow Statement

Group

	2019 £'000	2018 £'000
Operating profit	**60,961**	67,880
Adjustments for:		
Depreciation of property, plant and equipment	**2,823**	2,468
Amortisation of intangible assets – client relationships and brand	**6,858**	7,619
Amortisation of intangible assets – software	**1,105**	3,855
Loss on disposal of fixed assets	**–**	20
Defined benefit pension scheme past service costs	**1,909**	–
Defined benefit pension scheme cash contributions	**(1,979)**	(3,000)
Share-based payment expense	**7,769**	8,915
Translation adjustments	**(31)**	(8)
Interest income	**1,414**	747
Interest expense	**(16)**	(15)
Operating cash flows before movements in working capital	**80,813**	88,481
Increase/(decrease) in payables and provisions	**43,227**	(68,695)
(Increase)/decrease in receivables and trading investments	**(45,084)**	72,179
Cash generated by operating activities	**78,956**	91,965
Tax paid	**(12,309)**	(12,260)
Net cash inflow from operating activities	**66,647**	79,705

Company

	2019 £'000	2018 £'000
Operating (loss)/profit	**(799)**	61,393
Operating cash flows before movements in working capital	**(799)**	61,393
Interest income	**26**	–
Increase/(decrease) in payables	**152**	(63)
Decrease/(increase) in receivables	**33,712**	(18,877)
Cash generated by operating activities	**33,091**	42,453
Tax paid	**–**	–
Net cash inflow from operating activities	**33,091**	42,453

32. Impact of application of IFRS 9 Financial Instruments

The Group adopted IFRS 9 from 1 October 2018. In accordance with the transition requirements of IFRS 9, comparative information for 2018 has not been restated.

The impact of adoption of IFRS 9 on the results for year to 30 September 2019 is to decrease the profit before tax by £8,000.

The initial application of IFRS 9 has impacted the classification and measurement of the Group's financial assets as follows:

- the redeemable loan notes held by the Group that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at fair value through other comprehensive income ('FVTOCI') as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these redeemable notes continues to be accumulated in the revaluation reserve until they are derecognised or reclassified;
- the Group's investments in equity instruments (neither held-for-trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the revaluation reserve;
- financial assets classified as loans and receivables under IAS 39 continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows which consist solely of payments of principal and interest on the principal amount outstanding; and
- financial assets measured at fair value through profit and loss ('FVTPL') under IAS 39 continue to be measured as such under IFRS 9.

The application of IFRS 9 has had no impact on either the consolidated cash flows of the Group or the basic and diluted earnings per share for the Group.

Note (a) below outlines the change in classification of the Group's financial assets upon application of IFRS 9.

(a) Disclosures in relation to the initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 October 2018.

Financial instrument	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount £'000	IFRS 9 carrying amount £'000	Business model
Financial assets					
Held-for-trading investments	Fair value through profit and loss	Fair value through profit and loss	356	356	Held-for-trading
Equity securities	Available-for-sale investments	Designated Fair value through OCI	90	90	Other
Asset-backed debt securities	Available-for-sale investments	Fair value through OCI	586	586	Held to collect and sell
Current loans and receivables	Loans and receivables	Amortised cost	171,145	171,145	Held to collect
Cash and cash equivalents	Loans and receivables	Amortised cost	186,222	186,222	Held to collect

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires entities to adopt an 'expected credit loss' model as opposed to an 'incurred credit loss' model under IAS 39. The expected loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has applied the simplified approach provided by IFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss for trade receivables; these financial assets are short term and do not contain significant financing components.

As at 1 October 2018, an expected credit loss allowance rate was determined by reviewing the Group's historical credit loss experience and future expectation of credit losses. This rate was applied to financial asset balances at transition and adjusted for asset specific credit risks to determine the expected loss allowance.

The expected credit loss allowance at 1 October 2018 was immaterial and has not been recognised against retained earnings.
The application of the IFRS 9 impairment requirements has resulted in an expected credit loss allowance of £8,000 in the current year.
The expected credit loss allowance is offset against the respective financial asset.

(c) Financial impact of initial application of IFRS 9

The reclassification of financial assets and liabilities has had no impact on the Group's Balance Sheet or retained earnings. The table below shows the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior years.

	30 September 2018 £'000	Reclassification £'000	1 October 2018 £'000
Current assets			
Financial assets at fair value through other comprehensive income	–	676	676
Available-for-sale investments	676	(676)	–
Financial assets at fair value through profit or loss	–	356	356
Trading investments	356	(356)	–

33. Post balance sheet events

Group

On 31 October 2019, Brewin Dolphin Wealth Management Limited, a subsidiary, based in the Republic of Ireland, completed the acquisition of Investec Capital & Investments (Ireland) Limited; the wealth management business of Investec Group in the Republic of Ireland. The total consideration was €50.2 million comprising of net assets of €13.0 million and surplus capital of €6.2 million.

Company

There have been no post balance sheet events.

34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The primary statements of the Company include amounts attributable to subsidiaries. These amounts have been disclosed in aggregate in the relevant notes to the financial statements of the Company and in detail in the following table:

	Amounts owed by related parties		Amounts owed to related parties	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Bell Lawrie White & Co. Limited	**–**	–	**2,434**	2,434
Brewin Dolphin Limited	**38,967**	72,679	**–**	–
Brewin Broking Limited	**–**	–	**4,900**	4,900
	38,967	72,679	**7,334**	7,334

All amounts owed by related parties are interest free and repayable on demand.

The only effect of related party transactions on the profit and loss of the Company was in respect of dividends. The Company received dividends of £nil (2018: £60,500,000) from Brewin Dolphin Limited and £1,067,250 (2018: £1,001,650) from Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited).

The Group companies did not enter into any transactions with related parties who are not members of the Group during the year, save as disclosed elsewhere in these financial statements.

All amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel ('KMP')

Key management personnel are responsible for planning, directing and controlling the activities of the Group. Key management personnel for the Group have been determined to be the Directors and members of the Executive Committee.

The remuneration expense for key management personnel is as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	**4,968**	4,764
Post-employment benefits	**16**	26
Share-based payment:		
Lapses where KMP have left the Group	**–**	(31)
Continuing KMP	**1,047**	2,054
	6,031	6,813

The remuneration of individual Directors is set out in the Directors' Remuneration Report on page 69 in addition to the disclosure above.

A number of the Group's key management personnel and their close family members make use of the services provided by companies within the Group. Charges for such services are made at various staff rates.

Directors' transactions

There are no contracts, loans to Directors or other related party transactions with Directors.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Revenue	**336,301**	326,226	303,896	280,484	280,196
Other operating income	**2,808**	2,801	568	1,866	3,495
Income	**339,109**	329,027	304,464	282,350	283,691
Staff costs	**(184,896)**	(174,822)	(162,689)	(152,175)	(152,982)
Other operating costs	**(80,812)**	(77,506)	(71,766)	(69,458)	(68,975)
Adjusted items					
FSCS levy	**–**	288	–	–	1,160
Redundancy costs	**–**	–	(742)	(2,780)	(2,432)
Onerous contracts	**(996)**	(170)	(1,969)	(311)	(433)
One-off migration costs	**–**	–	–	(1,596)	–
Defined benefit pension scheme past service costs	**(1,909)**	–	–	–	–
Acquisition costs	**(2,337)**	–	(1,683)	–	–
Incentivisation awards	**(340)**	(1,318)	(1,297)	–	–
Amortisation of intangible assets – client relationships and brand	**(6,858)**	(7,619)	(6,650)	(6,287)	(9,219)
Operating expenses	**(278,148)**	(261,147)	(246,796)	(232,607)	(232,881)
Operating profit	**60,961**	67,880	57,668	49,743	50,810
Net finance income/(expense) and other gains and losses	**1,563**	624	(25)	319	10,190
Profit before tax	**62,524**	68,504	57,643	50,062	61,000
Tax	**(14,457)**	(15,008)	(12,490)	(11,095)	(12,729)
Profit attributable to equity shareholders of the parent	**48,067**	53,496	45,153	38,967	48,271
Dividend per share	**16.4p**	16.4p	15.0p	13.0p	12.0p
Adjusted[1] earnings per share					
Basic	**21.2p**	22.5p	20.5p	17.7p	18.0p
Adjusted[1] diluted	**20.5p**	21.7p	19.6p	16.8p	17.1p

1. See note 12.

Revenue growth

1. **Discretionary funds inflows** are calculated from the Group's client database. The growth in net inflows is derived from the total new client accounts opened, closed or transferred between services categories during the year. Net fund flows of £1.4 billion over the opening discretionary funds value of £37.6 billion show a growth rate of 3.7%.

Improved efficiency

2. **Adjusted[1] PBT margin** is calculated by taking the adjusted[1] profit before tax of £75.0 million in 2019 (2018: £77.5 million) over the total income of £339.1 million (2018: £329.0 million) resulting in an adjusted[1] PBT margin of 22.1% (2018: 23.6%).
3. **Discretionary funds per CF30** of £81 million (2018: £80 million) is based on the total of discretionary funds excluding MPS over the total number of registered CF30s (Investment Managers and Financial Planners) for the Group of 448 (2018: 433).

Capital efficiency and shareholder return

4. **Capital adequacy risk appetite ratio** is calculated by dividing regulatory capital resources over the assessment of regulatory capital requirements (see note 27 to the Financial Statements).
5. **Adjusted[1] diluted earnings per share**, the diluted earnings per share is 20.5p (2018: 21.7p).
6. **Dividend payout ratio** is calculated by adding the interim and final dividend per share paid by the Group 16.4p (2018: 16.4p) and dividing by adjusted[1] diluted EPS 20.5p (2018: 21.7p).

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.

Shareholder information

Investor information

Visit our website, www.brewin.co.uk, for investor information and Company news. In addition to accessing financial data, you can view and download annual and interim reports, analyst presentations and access the best of our research and investment views, plus lifestyle news and interviews.

You can also subscribe to an email news alert service to automatically receive an email when significant announcements are made.

Shareholding information

Please contact our registrars, Equiniti, directly for all enquiries about your shareholding. Visit their Investor Centre website www.shareview.co.uk for online information about your shareholding (you will need your shareholder reference number which can be found on your share certificate or dividend tax voucher), or telephone the registrars direct: 0371 384 2237 or + 44 (0) 121 415 7047.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. The advantages to using this service are: the payment is more secure than sending a cheque through the post; it avoids the inconvenience of paying in a cheque; and there is no risk of lost, stolen or out-of-date cheques.

A mandate form can be obtained from Equiniti or you will find one on the reverse of the tax voucher of your last dividend payment.

Electronic communications

Shareholders have previously passed a resolution enabling Brewin Dolphin to take advantage of provisions in the Companies Act 2006 that allow us to supply documents such as the Annual Report and Accounts to our shareholders via our website www.brewin.co.uk. This helps to reduce the cost and environmental impact of producing and distributing printed documents. Shareholders that wish to continue to receive shareholder documents in hard copy can request this by writing to the registrar, Equiniti.

All shareholder communications, including the Company's Annual Report and Accounts, are made available to shareholders on the Brewin Dolphin website and you may opt to receive email notification that documents and information are available to view and download. If you would like to sign up for this service, visit Equiniti's website. You may change the way you receive communications at any time by contacting Equiniti.

Annual General Meeting

The 2020 Annual General Meeting of Brewin Dolphin Holdings PLC will be held in Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ on Friday 7 February 2020 at 11.30am.

Useful contacts

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Company Registration Number:

02685806

Company Secretary:

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Head of Investor Relations:

D Orford investor.relations@brewin.co.uk

Registrar:

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. +44 (0) 121 415 7047

Online help:

shareview.co.uk – from here, you will be able to securely email Equiniti with your enquiry.

Glossary

AGM	Annual General Meeting
ASOP	Approved Share Options Plan
Aylwin	Aylwin Limited
BDH	Brewin Dolphin Holdings PLC/Brewin Dolphin
BDL	Brewin Dolphin Limited
BDMP	Brewin Dolphin MP
BDO LLP	Internal Auditor
BDWM	Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited)
bps	Basis points
BPS	Brewin Portfolio Service
CASS	Client Money & Assets
CF30	Client-facing professional Investment Manager and Financial Planner
CFO	Chief Financial Officer
CGU	Cash generating unit
CMA	Competition and Markets Authority
CR	Corporate Responsibility
CRO	Chief Risk Officer
Deloitte LLP	External Auditor
DPSP	Deferred Profit Share Plan
EAP	Equity Award Plan
EBITDA	Earnings before interest, tax, depreciation and amortisation
Epoch	Epoch Wealth Management LLP
EPS	Earnings per share
ESG	Environment, Social, Governance
Equiniti	The Company's Registrar
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas Emissions
Group	Brewin Dolphin Holdings PLC (the 'Company') and its subsidiaries
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICIIL	Investec Capital & Investments (Ireland) Limited
IFA	Independent Financial Adviser
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
L&D	Learning and Development
LSE	London Stock Exchange
LTIP	The Company's long term incentive plan, the 'Long Term Performance Plan'
MAR	Market Abuse Regulation
Mathieson	Mathieson Consulting Limited
MiFID II	Markets in Financial Instruments Directive
MPS	Managed Portfolio Service
MTP	Medium Term Plan
PBT	Profit Before Tax
PDMR	Persons Discharging Managerial Responsibility
RMF	Risk Management Framework
SMCR	Senior Managers & Certification Regime
TSR	Total Shareholder Return
XO	Execution Only

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1. www.brewin.co.uk/our-offices/

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Brewin Dolphin Holdings PLC

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