BREWIN DOLPHIN
HOLDINGS PLC

4 December 2013

Brewin Dolphin Holdings PLC (the “Group”/”Company”)

Group Preliminary Results
for the 52 weeks ended 29 September 2013

Highlights

- Total managed funds £28.2bn at 29 September 2013 (30 September 2012: £25.9bn).
- Strong growth in discretionary funds £21.3bn at 29 September 2013 (30 September 2012: £18.2bn).
- Total adjusted income £283.7m (30 September 2012[1]: £260.4m), an increase of 9%.
- Adjusted[2] profit before tax £52.3m (30 September 2012: £42.9m), an increase of 22%.
- Adjusted[2] earnings per share:
  - Basic earnings per share 15.8p (30 September 2012: 13.2p) an increase of 19.7%.
  - Diluted earnings per share 14.9p (30 September 2012: 12.5p) an increase of 19.2%.
- Total income £283.7m (30 September 2012: £269.5m) an increase of 5.3%.
- Profit before tax £28.6m (30 September 2012: £29.9m).
- Earnings per share:
  - Basic earnings per share 8.5p (30 September 2012: 9.1p).
  - Diluted earnings per share 8.0p (30 September 2012: 8.6p)
- Final dividend increased by 40% to 5.05p, full year dividend increased by 20% to 8.6p
- The Board is implementing a new dividend policy from 2014 based on a target dividend payout ratio of 60%-80% of adjusted EPS.

[1] the September 2012 income figure has been adjusted to exclude shared revenue which prior to the Retail Distribution Review ("RDR") was recorded as income for Brewin Dolphin with a corresponding operating expense apportioning the income to external parties.

[2] these figures have been adjusted to exclude redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available–for–sale investments.

Declaration of Final Dividend

The Board is proposing a final dividend of 5.05p, to be approved at the 2014 AGM and payable on 28 March 2014 to shareholders on the register at close of business on 28 February 2014, with an ex-dividend date of 26 February 2014.

David Nicol Chief Executive said:

“Our priorities are clear. They are to reinforce our high standard of service to clients and ensure an improved return to shareholders. Discretionary Investment Management is currently the core of our business model and our mission is to provide a compelling and consistent offering, relevant to all our clients. Over the past decade we have evolved from a stockbroker into a private client investment manager. Our evolution must continue as we strive to become the leading provider of personal Discretionary Wealth Management in the UK.”

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Business Highlights

Strategy
We are now two and a half years into the transformation and growth strategy announced in 2011. This strategy has two main priorities: continued strong growth and increased efficiency. These priorities are underpinned by a series of initiatives to transform the business, ensuring it is best placed to enhance client service, meet regulatory demands and generate shareholder returns.

This year we announced a new operating margin target of 25%, which we aim to achieve by the end of the financial year 2016.

Capital
We successfully raised £38.6m through an equity placing in May 2013 to improve our capital strength and investment capacity. This will allow us to accelerate the strategy, capitalise on our competitive position and drive future growth in earnings and shareholder returns.

Board changes
The Board of the Company has been restructured with the appointment of three new Executive Directors, David Nicol, Chief Executive, Andrew Westenberger, Finance Director and Stephen Ford, Head of Investment Management who have joined fellow Executive Director, Michael Williams. In accordance with the UK Corporate Governance Code, the roles of Chairman and CEO have been split. Simon Miller was appointed Non-Executive Chairman. The new management team has been in place since March. These appointments have been accompanied by other management changes designed to create greater accountability and clearer lines of responsibility.

The UK Corporate Governance Code also requires that the boards of listed businesses should have at least an equal number of independent Non-Executive Directors excluding the Chairman. There are four Non-Executive Directors on the Board, excluding the Chairman. Jock Worsley retires from the Board at the AGM in February 2014 after 10 years of service. He has been Chairman of the Audit Committee and was appointed Senior Independent Director at the end of March 2013. His wise counsel will be greatly missed. Ian Dewar, who was appointed to the Board on the 15 November 2013, will succeed Jock as Chairman of the Audit Committee. Angela Knight will become Senior Independent Director. We will seek to recruit one more Non-Executive Director during the current year. Brewin Dolphin will then be fully compliant with the UK Corporate Governance Code.

Market Environment

Personal financial services remains a growth market with good long term prospects. There is increasing demand as society becomes more self-reliant in specific areas such as retirement provision and long term care as well as savings in general. In addition, the policy responses to the 2008 downturn have benefited those invested in risk assets such as equities and property and this has helped to create a higher number of investors.

Our industry offers many opportunities
The market environment has changed considerably in recent years, presenting challenges and opportunities. Increased transparency combined with growth has encouraged both new entrants and new business models to challenge the status quo in the industry.

Increased regulatory focus
There have been welcome and important changes to regulation – the most notable of which is the new regulator, the Financial Conduct Authority ('FCA'), and the development of its wealth management division which provides both increased scrutiny and guidance to our sector. In addition, many new rules including the Retail Distribution Review ('RDR') are now in place, giving us a stable period in which to consolidate and benefit from their introduction.

RDR's full implementation in 2013 has intensified the competitive environment. The move away from financial advice for the mass market and increased pricing transparency has prompted a change in client behaviour.

Changing client behaviours
Clients are increasingly sophisticated and using more complex technology which is leading to the development of new propositions and fuelling a real trend towards self-directed solutions. Investors are becoming more sceptical of in-house funds and products and also expect more education and guidance from their advisers. Scale has become a more important consideration as investors require reassurance regarding the security of their assets as well as the robustness of the organisation dealing with their money.

Competition is intensifying
One of the consequences of RDR has been the creation of the so called 'advice gap', which has led to a large potential market for investors seeking some guidance but who are unable to justify paying for full advice or have no such requirement. New propositions are being created to address this new market which could present a threat to established providers as they fully leverage the capabilities of today's technology. In addition, there is increased competition for high net worth clients and these are two of the key challenges facing the sector.

Objectives and Strategy

Our primary goal and corporate objectives summarise the long term targets for the Group. These have been refreshed to build on its heritage and the principles on which it has prospered for 250 years. Management has formulated a strategy in order to achieve these objectives, taking into account our business model and the market environment.

Primary Goal	Generate shareholder value by growing and delivering a high quality service to our clients, efficiently
Corporate Objectives	Manage responsibly for long term Build a business to be proud of based on values of client service, teamwork and integrity Be an excellent employer
Strategic Priorities	Grow our dividend in line with earnings Improve our efficiency Maintain sufficient capital to maximise opportunities and cover risks Grow the number of clients we serve and therefore the revenue we generate

Improving revenue and efficiency have been the principal strategic priorities for the last two years.

A series of initiatives are underway to deliver these strategic priorities, including the move to a transparent national charging structure for our services, the design and implementation of new technology to help lower support costs and the restructuring of our organisational model to reduce the cost of central overheads.

The new management team completed an initial appraisal of the strategy, reported on at the time of our interim results. This re-affirmed the two strategic priorities, namely growth and efficiency, but also added two new strategic priorities:

- Maintain sufficient capital to maximise opportunities and cover risks.
- Ensure that shareholders fully participate in the performance of the business by growing the dividend in line with earnings.

Additional equity capital of £38.6m was raised via a placing to underpin and accelerate the strategy and help deliver on the two additional priorities of capital sufficiency and dividend growth.

The refocused strategy is underpinned by several initiatives:

- Improve market competitiveness and drive organic growth
    - Enhance the service model for our clients
    - Invest in technology to improve quality of service
    - Invest in our people
    - Develop plans to attract new clients

- Achieve operational excellence to improve quality and lower costs
    - Focus our business around our primary services
    - Sustainable and transparent pricing
    - Increased cost discipline
    - Simplify and streamline our operating model
    - Harness our technology to lower costs

The new focus reflects our view that to meet our objectives successfully in this environment our business model needs to evolve, in particular:

- We need to simplify what we do and concentrate on our primary services. This will not only help us maintain our competitive position by improving the quality of what we can do best for clients, it will also help improve operational efficiency and create additional capacity to invest in the business.

- We need to invest in our primary services, successfully integrate technology and improve the client experience.

The business will grow and prosper if it simplifies and focuses the business model. A strategy of growth purely reliant on team acquisitions is, in our view, unsustainable in the current market environment. We believe that by building a simplified scalable business, focused on delivering our primary services we can achieve a leadership position in the industry.

Our strategy does allow for expansion through whole business acquisition and hiring of individuals but only when we can successfully integrate them into our culture and business model. In the past our acquisitions strategy has involved insufficient integration which has led to inefficiencies and lack of standardisation in key business processes. This has resulted in higher operational costs, which have impaired the ability of the business to reinvest in new technology to continue improving client service. It has also had a negative impact on shareholder returns and the management of risk.

The strategy has sought to address these issues over the last two years and we have been successful at standardising elements of the business such as pricing, client valuations and client communication. There is significant scope to further improve the business processes without changing the personalised nature of the service we offer. This challenge will be addressed by many of our current strategic initiatives in order to de-risk and improve the efficiency of the business.

A series of actions, some of which are underway and others completed are helping to deliver our strategic priorities. These are being pursued by management to grow the number of clients we service and therefore the revenue we generate and to improve our efficiency so that we achieve our 25% margin target.

Progress Report

Many projects have been undertaken over the past year to support our strategic priorities.

Growth
We have completed moving our Discretionary and a large portion of the Managed Advisory and Execution Only services onto standard national pricing. We now have circa £20bn on national pricing but there is still approximately 40% of our Managed Advisory business to complete during 2014. This has allowed us to continue to remove Unit Trust trail from the business and standardise the yield we receive for the services we offer at a more sustainable level:

Service Offering	2013 Yield bps	2012 Yield bps
Discretionary	96	91
Advisory Managed	56	46
Advisory Dealing	29	42
Execution Only	30	26

Over the last year many clients have moved away from our dealing based offerings into our primary managed services and this is evident in our client fund flows.

Funds under management ('FUM') – *rounded to 1 decimal place*

	£'bn							
	30 September 2012	Inflows	Outflows	*Transfer within Managed/ Advised*	*Other Transfers*	Net Flows	Market Move - ment	29 September 2013
Discretionary Managed	18.2	2.1	(1.0)	*0.3*	*(0.3)*	**1.1**	2.0	**21.3**
Advisory Managed	4.9	0.1	(0.5)	*(0.0)*	*(0.1)*	**(0.6)**	0.5	**4.8**
Advisory Dealing	2.8	0.1	(0.4)	*(0.2)*	*(0.3)*	**(0.9)**	0.2	**2.1**
Total Advisory	7.7	0.2	(1.0)	*(0.3)*	*(0.4)*	**(1.5)**	0.6	**6.9**
Total Managed/Advised	**25.9**	**2.3**	**(2.0)**	***(0.0)***	***(0.7)***	**(0.4)**	**2.7**	**28.2**
Execution Only	5.4	0.9	(0.7)		*0.7*	**0.9**	0.4	**6.7**
Total Funds	**31.3**	**3.2**	**(2.7)**	***(0.0)***	***0.0***	**0.5**	**3.1**	**34.9**

Indices	At 29 September 2013	At 30 September 2012	% Change
FTSE APCIMS Private Investor Series Balanced Portfolio	3,315	3,014	10.0%
FTSE 100	6,513	5,742	13.4%

Total managed and advised funds were £28.2bn, up by 8.9% from a year ago. The strategy of focusing on our Discretionary service and our move to fair and consistent national pricing across all client services has resulted in a continued move away from Advisory to Discretionary services.

Discretionary funds grew by £3.1bn in the year, a 17% increase (2012: 16.7% increase) as a result of continuing good net inflows of £1.1bn (2012: £1.0bn) and higher market levels £2.0bn (2012: £1.6bn).

Advisory funds fell by £0.8bn in the year, a 10.4% decline (2012: 8.3% decrease), as a result of net outflows of £1.5bn (2012:£1.1bn) partially offset by higher market levels £0.7bn (2012: £0.4bn). The figures also show the lack of demand from new clients for our Advisory Managed and Advisory Dealing services which continue to see outflows. The reduction in demand for these services combined with the absence of any yield premium (to cover the risk of providing investment advice) and the flow to Execution Only has shaped Management's view that we should withdraw our Advisory Dealing service.

Client funds held on an Execution Only basis grew by £1.3bn, a 24% increase of which £0.9bn represented new inflows and £0.7bn was transferred from Advisory to Execution Only as a result of our service review and move to standard pricing. During the year, the FTSE100 index increased by 13.4% and the FTSE APCIMS Balanced Index increased by 10.0%.

Discretionary funds now make up 76% (2012: 70%) of total managed and advised funds, continuing the long term trend and representing good progress towards our target of 80% by 2016.

During 2014 we will introduce an enhanced investment process. We aim to improve the client experience around a consistent structure which will be supported by new technology to underpin the change. This will mean we can consolidate our operating model within a national framework and ensure we offer a more consistent client experience.

To benefit from our enhanced investment process and more focused service offering, we intend to develop five growth channels to achieve our target of 5% pa growth from net inflows in Discretionary business.

a) **Direct** – A new website due in Spring 2014 will focus on our primary services combined with a number of marketing initiatives.

b) **Agent** – Financial Advisers are big supporters of our business and we believe our enhanced investment process will facilitate new, national partnerships.

c) **Customer Advocacy** – Our existing clients are our best advocates and we intend to build upon our high "Net Promoter Score".

d) **Professional Services** – Our proposition to accountants and solicitors will be updated during 2014.

e) **Direct to Client Proposition** – There is a significant demand for a simplified, lower cost service. We have an award winning model portfolio service and we are working on delivering this service directly to consumers.

We believe that the best way to grow is organically and our energies are devoted to building the brand value and meeting the needs of the market.

Improving efficiency

We have made progress in simplifying the business model in parallel to the development of our new IT systems. We successfully implemented the first stage of our new core operating system into Stocktrade, our Execution Only service, in September 2013 and we are already seeing the benefits. We will now roll the system out across the rest of the Group during 2014 and implement new software to support our Investment Management and Financial Planning services. Technology and process improvement is critical to our success and we will continue to invest in these areas over the foreseeable future.

In conjunction with the development of our new operating system we are also simplifying our service offerings. We have reviewed the risk, profitability and demand for our ancillary services many of which are either in the process of being closed or are no longer available to new business. This will lead to a greater concentration of resource around our primary discretionary wealth service.

The rationalisation of our services, combined with our enhanced investment process and supported by new technology, should facilitate a more efficient balance of Advisers to Funds under Management.

We have reviewed the number of offices which resulted in six offices being merged or closed (Inverness, Teesside, Bradford, Hereford, Stoke and Swansea). At the same time we have experienced the departure of a small number of teams including the majority of our Leicester office. Despite these reorganisations and departures, some of which were to competitor firms, early indications of clients remaining are positive. This has been achieved without having to hire any new staff.

We also reviewed the Appointed Representatives of the Group in the context of our refocused strategy and concluded that the risks of self-employed agents providing advice under our brand, in return for half the commission they generated was an out of date approach and not in the best interests of our clients. Over the year several Appointed Representative have transferred their business elsewhere and one has become an employee.

Maintaining capital sufficiency
We have added a new strategic priority to ensure that sufficient capital solvency is maintained in order to:

1) Finance the necessary investment in the business, to deliver the strategic priorities and stated operating margin target; and

2) Provide sufficient capacity to support the key risks and uncertainties.

The Group successfully raised £38.6m equity capital via a placing, in order to increase capital levels. Together with profits retained during the year, this helped our capital solvency levels increase from 123% in September 2012 to 226% in September 2013.

We intend to operate at a minimum solvency level of 150% in future.

Growing the dividend to shareholders
The Board is implementing a dividend policy from 2014 based on a target dividend payout ratio of between 60% to 80% of annual reported adjusted diluted earnings per share to deliver the new strategic priority of ensuring that dividends grow in line with underlying adjusted earnings. The objective of this priority is to ensure that shareholders fully benefit in a timely way from any improvement to earnings.

Historically, the Board has adopted a policy of paying broadly equal interim and final dividends on the ordinary shares. In the future, the Board intends to establish an interim dividend and grow it in real terms. The variable final dividend will be based upon the full year target dividend payout ratio of 60% to 80% of adjusted earnings per share.

Key performance indicators

The table below summarises the key performance indicators for each strategic priority, with a measure of our performance to date.

Strategic Priority	KPI	Progress this year	Target
Revenue Growth	Discretionary FUM inflows	6%	5%
	Discretionary service yield	91→96 bps	95 bps
	Managed Advisory service yield	46→56 bps	75 bps
	Revenue growth	9%	n/a
Improved Efficiency	Adjusted PBT margin	16.5→18.5%	25%+
	Discretionary income per CF30[1]	£283k→£370k	£490k
	% of managed FUM in Discretionary service	70→76%	80%
	Discretionary FUM per CF30	£33m→£41m	£50m
	Support staff to CF30 ratio	2.5 to 1	2.0 to 1
	Average client portfolio	£420k	£500k
Capital Sufficiency	Solvency ratio	226%	Min 150%
Dividend Growth	Dividend pay out	57→58%	60-80%
	Adjusted EPS growth	19.2%	n/a
	Dividend growth	20%	n/a

[1]*Controlled Function 30 (CF30) is an FCA approved customer function of dealing in, advising on or managing investments on behalf of clients.*

Results for the year

Financial highlights

The strong underlying results for the year ended 29 September 2013 reflect the combination of improving market conditions and progress we have made on delivering our strategic objectives. Adjusted profit before tax grew by 22% to £52.3m from £42.9m last year and adjusted diluted EPS grew by 19% to 14.9p per share from 12.5p last year.

The underlying adjusted profit growth was driven by increased income, 9% higher than prior year, together with improving efficiency as reflected by fixed operating cost growth being limited to 3% and the increase in adjusted profit before tax margin to 18.5% from 16.5% in the prior year.

Profit before tax for the year was £28.6m (2012: £29.9m), a 4% decline on the prior year. This was a result of significant restructuring costs incurred in the year and material provisions for onerous contracts which are explained below.

	2013 £'m	2012 £'m	% change
Total income	**283.7**	**260.4**	**9%**
Salaries	(105.3)	(98.6)	7%
Other operating costs	(83.4)	(85.1)	-2%
Total fixed operating costs	**(188.7)**	**(183.7)**	**3%**
Adjusted profit before variable staff costs[1]	95.0	76.7	24%
Variable staff costs	(43.7)	(34.6)	26%
Adjusted operating profit [1]	51.3	42.1	
Net finance income and other gains and losses	1.0	0.8	
Adjusted profit before tax[1]	**52.3**	**42.9**	22%
Exceptional costs/gains	(11.2)	(1.1)	
Amortisation of client relationships	(12.5)	(11.9)	
Profit before tax	**28.6**	**29.9**	-4%
Taxation	(7.3)	(8.4)	
Profit after tax	**21.3**	**21.5**	
Earnings per share:			
Basic earnings per share	8.5p	9.1p	
Diluted earnings per share	8.0p	8.6p	
Earnings per share[1]:			
Basic earnings per share	15.8p	13.2p	
Diluted earnings per share	14.9p	12.5p	

[1] *excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment.*

Reconciliation of adjusted income and operating expenses to financial statements

	2013 £'m	2012 £'m
Income – per financial statements	283.7	269.5
Reclassification of items previously reported as operating expenses	-	(9.1)
Adjusted income used for purposes of financial highlights and strategic report	**283.7**	**260.4**
Other operating costs – per financial statements	83.4	94.2
Reclassification of items previously reported as income	-	(9.1)
Adjusted other operating expenses used for purposes of financial highlights and strategic report	**83.4**	**85.1**

Prior to the introduction of RDR (1 January 2013), Brewin Dolphin collected income from client portfolios on behalf of intermediaries, which it recorded as income with an offsetting expense. Post RDR, intermediaries are required to collect and record their income directly from clients and consequently this income is no longer recorded in Brewin Dolphin's results.

This has no impact on reported profit, however we have chosen to adjust the comparative figures for 2012 to be on a post RDR basis as we believe this offers a more fair and appropriate analysis of underlying income and cost trends.

Income

Total income grew by 9% to £283.7m (2012: £260.4m) in the year and is analysed as follows:

	2013 £'m	2012 £'m	% change
Commissions	93.5	84.1	
Fees	152.0	121.4	
Core income[1]	**245.5**	**205.5**	**19%**
Financial Planning	11.7	9.3	
Trail	14.8	29.2	
Interest	11.7	16.4	
Other income	**38.2**	**54.9**	**-30%**
Total income	**283.7**	**260.4**	**9%**

[1] *Core income is defined as income derived from fees and commissions charged on management and/or advice and execution activities relating to client portfolios.*

Core income from our Discretionary, Advisory and Execution Only services, grew strongly by 19% to £245.5m (2012: £205.5m). This was driven by a combination of increased average client fund balances due to higher market levels and continued inflows, and improved returns as a result of the move to new pricing structures.

Income and yield by service type

	2013 £'m	2012 £'m	% change
Income			
Discretionary	192.7	156.3	23%
Advisory Managed	27.5	23.3	18%
Advisory Dealing	7.2	12.8	-44%
Total Managed/Advised	**227.4**	**192.4**	**18%**
Execution Only	18.1	13.1	38%
Total	**245.5**	**205.5**	**19%**
Yield	**Bps**	**Bps**	
Discretionary	96	91	
Advisory Managed	56	46	
Advisory Dealing	29	42	
Execution Only	30	26	

The strong growth in FUM and improved yield resulted in a 23% increase in income to £192.7m (2012: £156.3m) from our Discretionary service. Despite lower levels of Advisory Managed FUM, overall income from Managed/Advised services increased by 18% due to the improved yield from re-pricing. The decline in income from advisory dealing resulted from the steep decline in funds under this category as a result of the service review and re-pricing initiative.

Overall fees and commissions grew, with fees growing particularly strongly, up 25% to £152.0m (2012: £121.4m) as a result of the growth in Discretionary services and the on-going introduction of fees to all Advisory Managed accounts in line with new pricing structures.

Aggregate other income declined by 30% to £38.2m from £54.9m in 2012, primarily due to the planned significant reduction in trail income which decreased to £14.8m (2012: £29.2m) as a result of our initiative to switch to trail free 'clean units'. Since the beginning of this year all new funds have been purchased on a 'clean' basis post the implementation of RDR.

Income from financial planning activities grew by 26% during the year to £11.7m (2012: £9.3m) as a result of our strategy to offer an integrated wealth management service.

Net interest earned from the management of client cash deposits reduced by 29% in the year to £11.7m (2012: £16.4m) as a result of reduced interest rates on deposits available from our banks, whilst maintaining interest rates payable on client cash balances.

Costs

Reconciliation of adjusted operating expenses to financial statements

	2013 £'m	2012 £'m	% change
Fixed staff cost	105.3	98.7	+7%
Underlying non-staff costs	84.2	89.7	-6%
Insurance recovery	(0.8)	(4.7)	
Non-staff costs	83.4	85.0	-2%
Total adjusted fixed operating costs	188.7	183.7	+3%
Variable staff costs	43.7	34.6	+26%
Redundancy costs	*4.8*	*0.6*	
Additional FSCS levy	*1.1*	*0.5*	
Onerous contracts	*6.2*	*-*	
Total exceptional costs	12.1	1.1	
Amortisation of client relationships	12.5	11.9	
Total adjusted operating expenses	**257.0**	**231.3**	
Net down restatement[1]	-	9.1	
As reported in Income Statement	**257.0**	**240.4**	

[1] *see reconciliation of adjusted income and operating expenses to financial statements*

Significant progress has been made in bringing costs under control during the year.

Fixed staff costs
Fixed staff cost growth was limited to 7% year on year, below the rate of income growth, a reversal of previous years' trends and contributing to the improved operating margin. This was achieved through a combination of hiring discipline together with reduced run rate central function costs following the restructuring exercise undertaken during the year. The exceptional costs associated with this are described below.

Variable staff costs
Variable staff costs increased by 26% to £43.7m (2012: £34.6m). The increase was driven primarily by the rise in adjusted profit before variable staff costs (+24%) to which the majority of variable staff cost is linked, and management's decision to increase the overall level of variable staff compensation to assist in staff retention.

The overall ratio of total (fixed and variable) staff costs to adjusted income increased accordingly during the year to 53% from 51% in 2012.

Non-staff costs
A significant reduction in underlying non-staff costs of 6% year on year was achieved, falling to £84.2m from £89.7m in 2012.

This was due to tighter controls around discretionary spend, in particular in areas such as marketing, advertising and legal/consulting fees, and the reduction contributed significantly to the improvement in operating margin during the year.

Insurance recovery
During the year the Group reached final settlement with its insurers with respect to certain material past claims relating to insured losses incurred in prior years. This resulted in an additional £0.8m (2012: £4.7m) recovery being recognised in the year.

Exceptional costs
Redundancy costs
Redundancy costs of £4.8m (2012: £0.6m) incurred in the year primarily resulted from two organisational restructurings:

1) In March various head office functions were restructured in order to better service business needs and reduce costs. This resulted in approximately £3.0m in redundancy payments and reduced central functions headcount by approximately 100. This resulted in an ongoing staff costs saving of £6.0m per annum.

2) During the second half, a rationalisation of the branch network was undertaken, resulting in the closure of our offices in Inverness, Teesside, Hereford and Swansea. The management of clients together with some of the staff moved to local larger offices where we consider we are better able to serve our clients' needs in the longer term. A further £1.4m of redundancy payments were incurred as a consequence, with run rate savings to branch staff costs to be felt from 2014 onwards.

Onerous contracts provisions
Provisions in respect of onerous contracts totalling £6.2m, £5.7m relating to surplus property space which may not be able to be continually sub-let, were made in the year.

Of this, approximately £0.5m relates to the remaining lease commitments of up to 4 years on recently closed offices, £4.3m relates to lease commitments of up to 20 years on excess space resulting from the consolidation of operations into one office in Edinburgh, and £0.9m from excess space resulting from the consolidation into one office in London. The £0.4m non-property related provision relates to software applications no longer being used as a result of the central functions restructuring. The maximum total future undiscounted exposure resulting from the aggregate of the onerous property leases is approximately £23.0m.

Exceptional gain
During the year the Group sold its remaining stake in NPLUS1 Singer Ltd realising an exceptional gain on disposal of £0.9m.

Cash flow and capital expenditure
Our strategy aims to deliver not only growing earnings, but also rising free cash flow, being the cash generated from operations less what we invest in the business. This will ensure that dividend growth can be aligned with earnings growth without material short term reductions to tangible equity.

The table below shows how underlying profitability translated into cash generation:

	2013 £'m	2012 £'m
Adjusted profit before tax	**52.3**	**42.9**
Less-		
Exceptional costs/gains	(11.2)	(1.1)
Amortisation of client relationships	(12.5)	(11.9)
Statutory PBT	**28.6**	**30.0**
Add - non cash expenses included	27.1	26.9
Less- discontinued operations	-	(3.5)
Less- pension contributions not included	(3.0)	(3.0)
Operating cash flows before working capital	52.7	50.4
Less- tax paid	(6.3)	(5.9)
Underlying cash from operations	**46.4**	**44.5**
Net investment		
- Purchase of client relationships	(3.4)	(6.9)
- Purchase of fixed assets	(4.5)	(7.4)
- Purchase of software	(15.1)	(16.4)
- Net gains and dividends on available-for-sale investment	1.2	0.3
	(21.8)	**(30.4)**
Underlying free cash flow	**24.6**	**14.1**
Net financing		
- Dividends paid	(18.1)	(16.9)
- Shares purchased	(0.2)	(1.9)
- Shares issued for cash	41.9	0.7
	23.6	**(18.1)**
Underlying increase/(decrease) in cash	**48.2**	**(4.0)**
Decrease/(increase) in working capital	17.6	(12.1)
Movement in firm's cash	**65.8**	**(16.0)**
Movement in client balances	(3.5)	2.6
Movement in total cash	62.3	(13.4)

Reconciliation to reported cash from operations:

	2013 £'m	2012 £'m
Underlying cash from operations per above	46.4	44.5
Movement in client balances per above	(3.5)	2.6
Movement in working capital per above	17.6	(12.1)
Cash from operations per note 16	**60.5**	**35.0**

The Group's cash balances increased materially by £65.8m to £113.5m at 29 September 2013, from £47.8m at 30 September 2012.

In addition to underlying cash generated from operations of £46.4m (2012: £44.5m), the large increase was the result primarily of the equity capital raising in May 2013, generating net proceeds of £38.6m, in addition to positive working capital movement of £17.6m in the year.

Underlying free cash flow increased to £24.6m from £14.1m in 2012, due to lower total capital investment in the year (£21.8m, versus 2012: £30.4m).

Upfront cash spent on acquiring teams of investment managers and their client relationships declined to £3.4m from £6.9m in 2012 due to the significant absence of further team hires in the year beyond what was already in progress at 30 September 2012.

Investment in fixed assets declined to £4.5m in the year (2012: £7.4m), primarily due to lower spend on computer hardware in support of the implementation of the new core software operating system.

Development of the new core settlement system which has been underway for 18 months, reflected in total £16.8m further capital investment in computer hardware and software development costs to bring the new software into use. In addition to £17m spent in 2012, total cumulative investment in the project is approximately £34m. It is anticipated an additional £20m will be spent over the course of the next 18 months to bring the implementation to a successful completion.

Dividends paid in the period came to £18.1m (2012: £16.9m).

There has been a cash outflow from the purchase of shares for the Share Incentive Plan (SIP) of £0.2m and £nil for the Deferred Profit Share Scheme (DPSP) during the year, (2012: £1.9m SIP and DPSP). The Group instructed the trustees of the DPSP to purchase £4m of shares after the end of the financial year.

Investment in new technology to improve the quality of our client service, as well as lowering the cost of delivering that service, is a key initiative to achieve the strategic priority of improving operational efficiency. We will continue to develop ways of investing and successfully integrating new software solutions into our business model. This will result in future capital investment, though at a lower level than the current run rate, once the core system is fully in place. Free cash flow as a proportion of underlying earnings should therefore increase over time.

Resources available to the Group
Our primary assets, in addition to our employees, are the value of:

1) Client relationships acquired via introduction from new teams of investment managers hired;

2) Fixed tangible assets, i.e. investment in fixtures and fittings in our offices and in communications and technology hardware to support our operations; and

3) Purchase, development and configuration of new software applications to support our operations.

We invest across all three categories to develop the assets of the business, securing growth and preserving and improving our operational efficiency.

As our strategy has changed in recent years from focusing solely on growth by acquiring additional client relationships to seeking also to improve operational efficiency, we have been investing more in the development of new software and less on acquiring teams of investment managers.

Pension Fund
The actuarial loss on the pension fund this year was £2.2m (2012: £5.1m). Under IAS19, large annual fluctuations can occur. The Group has agreed to make additional pension contributions of £3m per annum with the aim of paying the deficit off, over the next 7 years.

The net pension deficit reduced by £0.6m during the year to £9.2m (2012: £9.8m). This primarily resulted from better than expected investment returns on assets exceeding the increase in the actuarial value of liabilities.

Capital Structure, Treasury Policy, Liquidity and Capital Requirement
At 29 September 2013 the Group had net assets of £221.6m (2012: £162.7m). Net assets excluding intangible assets and shares to be issued of £109.1m (2012: £61.1m) broadly represent the Group's capital for regulatory purposes. These net assets were largely represented by net cash and cash equivalents of £137m (2012: £72m), including £20.3m (2012: £23.8m) of client settlement money. The Group has an agreed unsecured overdraft facility of £15m (2012: £15m). At the period end the Group had a surplus of net assets for regulatory capital adequacy purposes of £60.5m (2012: £11.4m), the increase is mainly attributable to the capital raised during the placing in May.

The Group aims to hold at least 90% of both clients' and Groups' money only at major UK clearers. Client money is segregated under rules set out in the FCA Client Asset Source Book.

Client stock is segregated and held in our nominee companies. Stock is settled via the Crest System which is owned by Euroclear, a highly rated bank, and, in the case of foreign stock, the Bank of New York Mellon.

Market risk, foreign currency risk, liquidity risk, interest rate risk, and credit risk are small and set out in detail in note 14 to the financial statements.

Post Balance Sheet Events
There have been no material post balance sheet events.

Accounting Policies
There were no changes in accounting policies during the year.

Significant Relationships
No client provides more than 2% of the Group's revenue. The Group has two main suppliers of computer software.

Going Concern
The Group has substantial operational gearing arising from its fixed cost base; this is mitigated by variable staff costs which if income falls would reduce variable costs. Cash balances ranged between £28m and £124m over the year.

The Group's business activities, performance and position, together with the factors likely to affect its future development, are set out in the Strategic Report which also describes the financial position of the Group including its liquidity position and borrowing facilities.

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 14 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.

Principal risks and uncertainties

Risks

The Group's principal risks and uncertainties together with the key mitigants and controls are set out below.

Details of the risk framework and governance are set out in the Risk Committee Report in the 2013 Annual Report.

The origins and nature of the Group's principal risks change over time and are the result of, among other factors, the market environment and the Group's strategy.

As discussed above when explaining the Group's current strategy, management takes careful consideration of the risk implications of different strategic initiatives. The strategic refocus instigated by the new management team has in part been driven by the appreciation that the Group's risk profile was increasing over time as a result of external factors such as increased regulatory scrutiny and competitive pressures as well as from the Group's former strategy of inorganic growth.

The current strategy is aimed at managing and where possible reducing the operational, business and strategic risks over time. For example, initiatives already underway, such as the standardisation of the business model and withdrawal from certain activities and services, should result in reduced risks.

Equally, the increased focus on organic growth will limit the addition of further risk relating to acquisitions. Risks resulting from the past strategy, however, may remain.

In the long term, successful implementation of the strategy and realisation of strategic priorities will reduce the Group's strategic risk by making it more competitive and better able to continue to prosper in a challenging market environment.

In the short term, however, strategic risks may well increase due to the challenges of delivering the business transformation itself. In particular, the inability to implement change due to cultural inertia, vested interests or poor project management is an emergent risk as the refocused strategy is implemented.

Risk Type	Risk	Description	Key Mitigants & Controls
Business & Strategic Risks			
Strategy & Business Model	Acquisitions & Disposals	Weak due diligence on target companies or poor execution of transactions and associated commercial terms	• Alignment with vendors through earn out arrangements • Robust board governance and challenge from independent non executives • 3rd party legal, accounting and commercial due diligence commissioned
	Profitability & Resilience	Failure to manage volumes, margins, earnings volatility, diversification, resilience to market dislocation and cost control or impact of industry levies and long term contractual commitments	• Initiatives to enhance margin and reduce fixed operating cost base • Initiatives to ensure consistent pricing of services • Variable staff incentive pay linked to profitability • Manage material onerous lease exposures through subletting/assignment
Products, Clients & Reputation	Product Differentiation & Disintermediation	Failure to innovate, respond to new entrants to the market, offer distinct services at a competitive pricing level, and meet or respond to client needs	• Long term loyal client relationships and focus on personalised service • Strategic initiatives to keep innovating client service • Initiatives to innovate and offer wealth/investment management services to as broad as possible client types e.g. development of Direct to Client, managed services, intermediary propositions • Diversified client base
	Concentration	Over-reliance on key clients or limited product range, or the failure to attract new business	
Capacity & Constraints to Growth	Change Management	Inability to implement change due to cultural inertia, vested interests, or poor project management	• Efforts to communicate to employees the strategic benefits: improved client service, higher job satisfaction and career progression, better efficiency and growth opportunities and consequent reward potential • Strong project governance with third party specialist help, direct executive oversight and Board scrutiny • Promotion of change advocacy networks in the Group
	Infrastructure	Failure to invest in technology and legacy systems, facilities or other support infrastructure	• Investing in new systems technology and replacing legacy systems.
Management, Staff & Internal Culture	Development & Succession	Over-reliance on key employees, a lack of career progression, inadequate training, and poor role handover	• Team approach to managing client relationships is a key aspect of the strategic initiatives to improve efficiency • Active succession planning for key management roles underway • Incentive policies to create significant equity tie-ins
Financial Risks			

Pension Obligation Risk	Pension deficit	Increased funding requirements to meet financial obligations under a defined benefit scheme	• Scheme closed to new members. • Recovery plan agreed with Trustees.
Operational Risks			
Processes, Technology & External Services	Trading Errors	Dealing errors, fat fingers, late or mis-booked trades and missed fund deal dates	• Dedicated employees undertake all Group dealing. • Close management supervision of dealers. • Error warnings integrated into dealing systems. • Monitoring of high value trades pre and post trade. • Multiple validations on equity trading platform. • Comprehensive insurance cover for errors and losses. • Monitoring of losses and underlying causes.
	Service Providers	Over-reliance or critical dependency due to lack of alternatives, or internal skills / capacity	• Internal competencies being developed e.g. project management, change and transformation skills • Key vendors subject to active management and governance framework, SLAs etc • Monitoring of key risk indicators
	Business Continuity	Failure of Business Continuity Plan (BCP) arrangements due to either an inadequacy or failure to test regularly	• Dedicated business continuity function within the Group. • Large branch network with appropriate continuity plans in place to ensure service can be maintained. • Use of external facilities to enhance the resilience of the Group to a business continuity event. • BCP subject to periodic testing. • Rapid response to significant systems failures or interruptions.
Investment Suitability & Mandate Breaches	Investment Advice & Suitability	Insufficient or inadequate information on clients' needs or capacity for loss, unsuitable advice, portfolio holdings inconsistent with clients' attitude to risk, or failure to adhere to investment mandate.	• Treating Customers Fairly embedded within the ethos of the Group. • Implementation of new investment process supported by new technologies. • Robust Training & Competency programme. • Dedicated Business Standards Team to review business quality. • Monitoring undertaken by Risk & Regulation Department. • Management information. • Effective complaint handling process and insurance cover to mitigate losses.
Regulatory Compliance & Financial Crime	Regulatory Failure	Breaches of regulatory obligations, including client money/asset rules, and AML/KYC, conflicts of interest, breach of data protection obligations and	• Proactive and effective Regulation & Risk and Internal Audit functions. • Supervisory process in place for staff holding a controlled function.

		failure to respond to regulatory change.	• Annual declarations to be made by all staff reviewed by Regulation & Risk. • Client Asset Oversight Committee established to strengthen governance over client money and custody arrangements. • Client Asset reviews undertaken by Regulation & Risk and Internal Audit. • Risk-based AML methodology used for assessing all clients • Systems and controls to ensure employees access rights to data are appropriate. • Personal Account Dealing and Gifts policies in effect and overseen centrally. • Regulation & Risk Department advise on impact of regulatory change to prompt timely business responses.
	Fraud	Misappropriation of client or firm's assets, deliberate mis-reporting or misrouting of payments.	• Centralised independent invoice processing and payment • Authorisation process in place for key departments that deal with clients or Group assets. • Segregation of duties across the Group. • Payment authorisation controls. • Monitoring of payments and transfers. • Comprehensive insurance cover.

Future Developments

The risks of not adapting our business model to a changing environment are significant and would erode shareholder value. Therefore we have developed an ambitious strategy to evolve the business and become the leading provider of Discretionary Wealth Management and the firm of choice for our clients, employees and shareholders.

We will continue to invest in our people, processes and technology to improve the client offering and if we achieve these goals, we will deliver significant value for shareholders, clients and employees.

Directors' Responsibilities

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 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 ("EU") and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts 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 these financial statements, International Accounting Standards 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 proper 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:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, 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. In addition, each of the directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and

2. the management report, which is incorporated into the Directors' Report together with the information provided in 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.

By order of the Board

David Nicol
Chief Executive
3 December 2013

Andrew Westenberger
Finance Director

Independent Auditor's Report

to the members of Brewin Dolphin Holdings PLC

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 September 2013 and of the Group's profit for the period 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's Financial Statements, Article 4 of the IAS Regulation.

The financial statements comprise the consolidated income statement, the consolidated and Parent Company statement of financial position, the consolidated statement of comprehensive income, the consolidated and Parent Company statement of changes in equity, the consolidated statement of cash flows, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation 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.

Going concern

As required by the Listing Rules we have reviewed the directors' statement that the Group is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRSs as adopted by the European Union; and

- we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- the assessment of the Group's calculation of intangible assets, comprising goodwill, client relationships and software development. This is a complex and judgemental process, concerning estimates of future cash flows and growth rates based on management's assessment of future profitability;

- the assessment of the Group's calculation of provisions for onerous leases, is a complex and judgemental process due to the uncertainty of future rental receipts;

- the calculation of the pension scheme deficit is susceptible to small changes in the underlying assumptions and requires significant management judgement in relation to mortality, price inflation, discount rates, pension increases and earnings growth;

- no active market exists for the Group's investment in Euroclear, making the valuation of this investment a judgemental process;

- the assessment of provisions in relation to outstanding legal cases and claims, and the associated estimates of insurance recoveries require significant judgement due to the need to estimate the expenditure required to settle the obligations; and

- the assessment of shares to be issued and deferred purchase consideration payable in respect of acquisitions of businesses or client relationships. This requires significant judgements from management due to the estimates of future earnings from acquisitions and discount rates used.

Our application of materiality

We determined planning materiality for the Group to be £2.86m, which is approximately 10% of pre-tax profit, and below 2% of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £57,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on any disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

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 Tilman Limited, an Irish Company, which represents 4% of pre-tax profit and which is audited by another firm. We have supervised their work on the figures included in the Group's financial statements for this entity through the issuance of instructions, receipt of summaries of work performed and ongoing dialogue throughout the audit process.

The way in which we scoped our response to the risks identified above was as follows:

- we challenged the appropriateness of the various inputs used by management in their impairment calculations, and validated these to external information where available.

- we assessed in detail management's assumptions in respect of the amount of space identified as surplus to requirements; the potential income which could be earned from sub-letting this space; and the potential time to identify tenants.

- we evaluated the appropriateness of the principal actuarial assumptions used in the calculation of the retirement benefit obligation, using our own actuarial experts to make enquiries of the Group's actuary as to the key assumptions made, and compared these to our knowledge of market practice.

- we evaluated the appropriateness and consistency of the methodologies used for the valuation of the Group's investment in Euroclear.

- we challenged management's identification of outstanding legal cases and claims received, reviewed associated legal correspondence and obtained direct confirmation from the Group's legal advisors as to the adequacy of the level of provisions. We also tested the acknowledgement of any associated insurance recoverable.

- we evaluated management's calculation of shares to be issued and deferred purchase consideration, and challenged estimates of future earnings from acquisitions and discount rates used.

The Audit Committee's consideration of these risks is set out in the 2013 Annual Report

Opinions on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other 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. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under the International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective Responsibilities of Directors and Auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Simon Hardy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
3 December 2013

Consolidated Income Statement

52 week period ended 29 September 2013

	Note	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Continuing operations			
Revenue	5	271,954	253,112
Other operating income	3i	11,724	16,419
Total income	5 & 6	283,678	269,531
Staff costs		(148,974)	(133,242)
Redundancy costs		(4,795)	(570)
Additional FSCS levy		(1,107)	(553)
Onerous contracts provision	15	(6,232)	-
Amortisation of intangible assets - client relationships	13	(12,520)	(11,871)
Other operating costs		(83,418)	(94,196)
Operating expenses		(257,046)	(240,432)
Operating profit		26,632	29,099
Finance income	7	1,452	1,661
Other gains and losses	8	872	(74)
Finance costs	7	(385)	(803)
Profit before tax	6	28,571	29,883
Tax	9	(7,297)	(8,389)
Profit for the period from continuing operations		21,274	21,494
Discontinued operations			
Loss for the period from discontinued operations	10	-	(3,092)
Profit for the period		21,274	18,402
Attributable to:			
Equity shareholders of the parent		21,274	18,402
		21,274	18,402
Earnings per share			
From continuing operations			
Basic	12	8.5p	9.1p
Diluted	12	8.0p	8.6p
From continuing and discontinued operations			
Basic	12	8.5p	7.8p
Diluted	12	8.0p	7.4p

Consolidated Statement of Comprehensive Income

52 week period ended 29 September 2013

	Note	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Profit for the period		21,274	18,402
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit pension scheme		(2,217)	(5,063)
Deferred tax credit on actuarial loss on defined benefit pension scheme		443	1,164
		(1,774)	(3,899)
Items that may be reclassified subsequently to profit and loss:			
Gain on revaluation of available-for-sale investments		4,000	-
Deferred tax (charge)/credit on revaluation of available-for-sale investments		(633)	167
Exchange differences on translation of foreign operations		147	(196)
		3,514	(29)
Other comprehensive income/(expense) for the period		1,740	(3,928)
Total comprehensive income for the period		23,014	14,474
Attributable to:			
Equity shareholders of the parent		23,014	14,474
		23,014	14,474

Consolidated Balance Sheet

As at 29 September 2013

	Note	As at 29 September 2013 £'000	As at 30 September 2012 £'000
ASSETS			
Non-current assets			
Intangible assets	13	127,448	120,930
Property, plant and equipment		14,320	15,951
Available-for-sale investments		10,000	6,013
Other receivables		1,353	2,215
Deferred tax asset		672	860
Total non-current assets		153,793	145,969
Current assets			
Trading investments		872	759
Trade and other receivables		258,848	227,671
Cash and cash equivalents		136,987	71,827
Total current assets		396,707	300,257
Total assets		**550,500**	**446,226**
LIABILITIES			
Current liabilities			
Bank overdrafts		3,153	243
Trade and other payables		289,884	248,555
Current tax liabilities		2,880	2,249
Provisions	15	4,405	1,887
Shares to be issued including premium		3,075	5,858
Total current liabilities		303,397	258,792
Net current assets		**93,310**	**41,465**
Non-current liabilities			
Retirement benefit obligation		9,177	9,754
Deferred purchase consideration		1,185	1,525
Provisions	15	3,260	-
Shares to be issued including premium		11,836	13,418
Total non-current liabilities		25,458	24,697
Total liabilities		**328,855**	**283,489**
Net assets		**221,645**	**162,737**
EQUITY			
Called up share capital		2,712	2,469
Share premium account		133,341	124,271
Own shares		(12,734)	(12,569)
Revaluation reserve		7,652	4,285
Merger reserve		61,380	22,950
Profit and loss account		29,294	21,331
Equity attributable to equity holders of the parent		**221,645**	**162,737**

Approved by the Board of Directors and authorised for issue on 3 December 2013

Signed on its behalf by

D Nicol **Chief Executive**

A Westenberger **Finance Director**

Consolidated Statement of Changes in Equity

52 week period ended 29 September 2013

	Attributable to the equity shareholders of the parent						
	Called up share capital	Share premium account	Own shares	Revaluation reserve	Merger reserve	Profit and loss account	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance at 30 September 2011	2,405	116,028	(10,686)	4,118	22,950	19,970	**154,785**
Profit for the period	-	-	-	-	-	18,402	**18,402**
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	-	-	-	167	-	1,164	**1,331**
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	(5,063)	**(5,063)**
Exchange differences on translation of foreign operations	-	-	-	-	-	(196)	**(196)**
Total comprehensive income for the period	-	-	-	167	-	14,307	**14,474**
Dividends	-	-	-	-	-	(16,887)	**(16,887)**
Issue of shares	64	8,243	-	-	-	-	**8,307**
Own shares acquired in the period	-	-	(1,891)	-	-	-	**(1,891)**
Own shares disposed of on exercise of options	-	-	8	-	-	(8)	**-**
Share-based payments	-	-	-	-	-	3,852	**3,852**
Tax on share-based payments	-	-	-	-	-	97	**97**
Balance at 30 September 2012	2,469	124,271	(12,569)	4,285	22,950	21,331	**162,737**
Profit for the period	-	-	-	-	-	21,274	**21,274**
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	-	-	-	(633)	-	443	**(190)**
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	(2,217)	**(2,217)**
Revaluation of available-for-sale investments	-	-	-	4,000	-	-	**4,000**
Exchange differences on translation of foreign operations	-	-	-	-	-	147	**147**
Total comprehensive income for the period	-	-	-	3,367	-	19,647	**23,014**
Dividends	-	-	-	-	-	(18,077)	**(18,077)**
Issue of shares	243	9,070	-	-	38,430	-	**47,743**
Own shares acquired in the period	-	-	(165)	-	-	-	**(165)**
Share-based payments	-	-	-	-	-	6,135	**6,135**
Tax on share-based payments	-	-	-	-	-	258	**258**
Balance at 29 September 2013	2,712	133,341	(12,734)	7,652	61,380	29,294	**221,645**

Company Balance Sheet

As at 29 September 2013

	Note	As at 29 September 2013 £'000	As at 30 September 2012 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries		191,699	186,194
Other receivables		319	420
Total non-current assets		192,018	186,614
Current assets			
Trade and other receivables		44,567	226
Cash and cash equivalents		136	829
Total current assets		44,703	1,055
Total assets		**236,721**	**187,669**
LIABILITIES			
Current liabilities			
Trade and other payables		10,671	12,611
Shares to be issued including premium		3,075	5,858
Total current liabilities		13,746	18,469
Net current assets/(liabilities)		**30,957**	**(17,414)**
Non-current liabilities			
Shares to be issued including premium		11,836	13,418
Total non-current liabilities		11,836	13,418
Total liabilities		**25,582**	**31,887**
Net assets		**211,139**	**155,782**
EQUITY			
Called up share capital		2,712	2,469
Share premium account		133,341	124,271
Own shares		(12,734)	(12,569)
Merger reserve		61,665	23,235
Profit and loss account		26,155	18,376
Equity attributable to equity holders		**211,139**	**155,782**

Approved by the Board of Directors and authorised for issue on 3 December 2013
Signed on its behalf by

D Nicol **Chief Executive**

A Westenberger **Finance Director**

Company Statement of Changes in Equity

52 week period ended 29 September 2013

	Attributable to the equity shareholders of the company					
	Called up share capital £'000	Share premium account £'000	Own shares £'000	Merger reserve £'000	Profit and loss account £'000	**Total £'000**
Balance at 30 September 2011	2,405	116,028	(10,686)	23,235	15,087	**146,069**
Profit for the period	-	-	-	-	16,332	**16,332**
Total comprehensive income for the period	-	-	-	-	16,332	**16,332**
Dividends	-	-	-	-	(16,887)	**(16,887)**
Issue of shares	64	8,243	-	-	-	**8,307**
Own shares acquired in the period	-	-	(1,891)	-	-	**(1,891)**
Own shares disposed of on exercise of options	-	-	8	-	(8)	**-**
Share-based payments	-	-	-	-	3,852	**3,852**
Balance at 30 September 2012	2,469	124,271	(12,569)	23,235	18,376	**155,782**
Profit for the period	-	-	-	-	19,721	**19,721**
Total comprehensive income for the period	-	-	-	-	19,721	**19,721**
Dividends	-	-	-	-	(18,077)	**(18,077)**
Issue of shares	243	9,070	-	38,430	-	**47,743**
Own shares acquired in the period	-	-	(165)	-	-	**(165)**
Share-based payments	-	-	-	-	6,135	**6,135**
Balance at 29 September 2013	2,712	133,341	(12,734)	61,665	26,155	**211,139**

Consolidated Cash Flow Statement

52 week period ended 29 September 2013

	Note	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Net cash inflow from operating activities	16	60,516	34,979
Cash flows from investing activities			
Purchase of intangible assets - client relationships		(3,431)	(6,878)
Purchase of intangible assets - software		(15,121)	(16,356)
Purchases of property, plant and equipment		(4,502)	(7,412)
Proceeds on disposal of available-for-sale investments		885	-
Dividend received from available-for-sale investments		286	278
Net cash used in investing activities		(21,883)	(30,368)
Cash flows from financing activities			
Dividends paid to equity shareholders	11	(18,077)	(16,887)
Purchase of own shares		(165)	(1,891)
Proceeds on issue of shares		41,875	721
Net cash used in financing activities		23,633	(18,057)
Net increase/(decrease) in cash and cash equivalents		62,266	(13,446)
Cash and cash equivalents at the start of period		71,584	85,030
Effect of foreign exchange rates		(16)	-
Cash and cash equivalents at the end of period		133,834	71,584

Firm's cash	116,686	48,003
Firm's overdraft	(3,153)	(243)
Firm's net cash	113,533	47,760
Client settlement cash	20,301	23,824
Net cash and cash equivalents	133,834	71,584
Cash and cash equivalents shown in current assets	136,987	71,827
Bank overdrafts	(3,153)	(243)
Net cash and cash equivalents	133,834	71,584

For the purposes of the cash flow statement, net cash and cash equivalents include bank overdrafts.

Company Cash Flow Statement

52 week period ended 29 September 2013

	Note	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Net cash (outflow)/inflow from operating activities	16	(24,491)	18,020
Cash flows from investing activities			
Investment in subsidiary company		-	(1,622)
Net cash used in investing activities		-	(1,622)
Cash flows from financing activities			
Dividends paid to equity shareholders	11	(18,077)	(16,887)
Proceeds on issue of shares		41,875	721
Net cash used in financing activities		23,798	(16,166)
Net (decrease)/increase in cash and cash equivalents		(693)	232
Cash and cash equivalents at the start of period		829	597
Cash and cash equivalents at the end of period		136	829

Notes to the Financial Statements

1. General information

Brewin Dolphin Holdings PLC is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is 12 Smithfield Street, London EC1A 9BD. The nature of the Group's operations and its principal activities are set out in the Narrative Reports. The Company is registered in England and Wales.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards affecting the financial statements

Amendments to IAS 1 Presentation of financial statements (amended June 2011)	The Group has applied the amendments to IAS 1 titled 'Presentation of Items of Other Comprehensive Income' in advance of the effective date (annual periods beginning on or after 1 July 2012.) The amendment increases the required level of disclosure within the statement of comprehensive income. The impact of this amendment has been to analyse items within the statement of comprehensive income between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have restated to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income.
Annual Improvements to IFRSs: 2009-2011 Cycle	The amendments impact the following standards which are applicable to the Group: • IFRS 1 First-time Adoption of International Financial Reporting Standards • IAS 1 Presentation of Financial Statements • IAS 16 Property, Plant and Equipment • IAS 32 Financial Instruments: Presentation • IAS 34 Interim Financial Reporting

New standards, amendments and interpretations issued but not effective and yet to be endorsed by the EU are as follows:

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 10, IFRS 12 and IAS 27 (amended)	Investment entities
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
Transition Guidance	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
IFRIC 21	Levies
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets

Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement)

New standards, amendments and interpretations issued but not effective and have been endorsed by the EU are as follows:

IFRS 7(amended)	Disclosures - Offsetting Financial Assets and Financial Liabilities
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities

The Group is currently reviewing the impact of these new standards, amendments and interpretations but does not intend to adopt the standards early.

IFRS 13 will apply to all transactions and balances (whether financial or non-financial) from which IFRSs require or permit joint value measurement, with the exception of:

- share–based payment transactions within the scope of IFRS 2 Share-based Payment
- leasing transactions within the scope of IAS 17 Leases.
- measurements that have similarities to fair value but are not fair value, such as net realisable in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 19 (revised 2011) will impact the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures, but not the Group's total obligation. The amendments to IAS 19 (revised 2011), if applied for the year ended 29 September 2013, would reduce profit after tax by approximately £130,000 and increase actuarial losses in other comprehensive income by the same amount. There would be no effect on total equity.

3. Significant accounting policies

a. Basis of accounting

The financial statements of both the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The 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 assets. The principal accounting policies adopted are set out below.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Brewin Dolphin Holdings PLC and all its subsidiary undertakings.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the period are included in the consolidated income statement from the date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's accounts investments in subsidiary undertakings are stated at cost less any provision for impairment.

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 note 12 to the 2013 Annual Report

c. 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 Strategic Report.

d. 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 are recognised in the income statement as incurred.

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 (see below). 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.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

e. Transaction date accounting

All securities transactions entered into on behalf of clients are recorded in the accounts on the date of the transaction. The underlying investments are not shown in the financial statements of the Group.

f. Foreign currencies

Financial statements of the Group and the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group and the Company are expressed in pound sterling, which is the functional currency of the Group and the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, 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 profit or loss in the period in which they arise.

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 date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

g. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents gross commission, investment management fees, renewal commissions and corporate advisory and broking retainers (receivable until the disposal of the Corporate and Advisory business on 1 February 2012), other fees plus other income, excluding VAT, receivable in respect of the period.

Investment management fees, renewal commissions and corporate advisory and broking retainers (receivable until the disposal of the Corporate and Advisory business on 1 February 2012) are recognised in the period in which the related service is provided and investment management commissions are recognised when the transaction is performed.

Revenue for the Corporate and Advisory business which was disposed of on 1 February 2012 is included in the analysis for discontinued operations.

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.

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 and loss for the Company.

h. Operating profit

Operating profit is stated as being profit before finance income, finance costs, other gains/losses and tax.

i. Other operating income

Interest receivable and payable on client free money balances is netted to calculate the Group’s share of interest receivable and included under the heading “Other operating income”.

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank overdrafts.

k. Leases

Rentals on operating leases are charged to the income statement on a straight-line basis over the lease term, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

l. 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 30 to the 2013 Annual Report.

Fair value is measured by use of a 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 shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

m. 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 it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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.

n. Intangible assets

i) **Goodwill**

Goodwill represents 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 initially recognised as an asset at cost and 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.

Elements of the total sum of the consideration of an acquisition may be deferred or contingent. In such cases the cost of the acquisition indicates the Company's best estimate of the future consideration likely to be made, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and is revised at each balance sheet date, potentially leading to adjustments in the income statement. Such deferred or contingent consideration may be settled in shares (see note 3(s)).

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

ii) **Client relationships**

Intangible assets classified as "client relationships" are recognised when acquired as part of a business combination or when separate payments are made to acquire funds under management by adding teams of investment managers. Client relationships are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. If acquired as part of a business combination the initial cost of client relationships is the fair value at the acquisition date.

When separate payments are made to acquire funds under management by adding teams of investment managers, elements of the total consideration may be deferred or contingent. In such cases the cost of the recognised client relationships includes the Company's best estimate of the future consideration likely to be made, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and is revised at each balance sheet date. Such deferred or contingent consideration may be settled in shares (see note 3(s)).

Client relationships are amortised over seven to fifteen years, their minimum estimated useful lives.

iii) **Computer software**

Computer software which is not an integral part of the related hardware is classified as an intangible asset. Costs of acquiring computer software are treated as an intangible asset and amortised over four 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 comes into use.

Computer software developed internally is separately identified and recognised as an intangible asset if it is part of a specifically authorised project which will give probable future economic benefits over a period and is amortised over four to ten years on a straight line basis from the date the software comes into use, dependent on the assessment of the expected useful life of the software.

The assessment of the expected useful life of computer software is based on the contractual terms or where appropriate past experience of the life of similar assets.

o. 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 first break clause of lease
Motor vehicles	5 years

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

p. Financial assets

All financial assets are recognised and derecognised on trade date, where a purchase or sale of an investment is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is held-for-trading or it is designated as at FVTPL. A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the near future.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividends or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Their value is determined in the manner described in note 14.

Available-for-sale financial assets (AFS)

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 14. Gains and losses are recognised directly in other comprehensive income and accumulated in the revaluation reserve with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit and loss when the Group's right to receive payment is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of the impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. In subsequent periods if the amount of impaired loss decreases, in respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss.

Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

q. Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at FTVPL

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’. Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses’ line item in the income statement. Fair value is determined in the manner described in note 14.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

r. 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.

s. Share 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 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 then the sum is included in current liabilities. Where the team of investment managers, bringing with them funds under management, have not yet joined and the client relationships assets have not been brought into use, the resultant liability is shown as an amount contracted for but not provided in the accounts.

t. Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group’s obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit or loss and presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, 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.

u. 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). Goodwill is tested for impairment at least annually and whenever there is an indication that it may be impaired. 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 to which the asset belongs.

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.

For the purposes of impairment testing, client relationships and goodwill are allocated to each of the Group's cash-generating units. Fair value is established by valuing clients' funds under management in each of the cash-generating units based on the value of funds under management at the period end; the percentages of funds being used depending 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 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.

v. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and are discounted to present value where the effect 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.

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.

4. Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities and profits and losses. Evaluation of the accounting judgements takes into account historical experience as well as future expectations.

Retirement benefit obligation

In conjunction with the Group's Actuary, the Group makes estimates about a range of long term trends, including life expectancy. These estimates are governed by the rules set out in IAS 19 Employee Benefits which can lead to significant swings in the pension deficit from year to year, as long term interest rates change and short term market movements affect asset valuations. The detailed assumptions are set out in note 27 to the 2013 Annual Report.

Shares to be issued including premium and deferred purchase consideration

The Group includes within these headings its best estimate discounted to present value of the ultimate sum which will be paid for businesses or client relationships under deferred purchase agreements. This is inevitably judgemental and depends on events which transpire over periods up to five years. Market conditions are an important factor.

Impairment of goodwill and client relationships
For the purposes of impairment testing, the Group values goodwill and client relationships based on the valuation of individual units making up the relevant intangible asset. For an investment management business this is normally based on the value of funds under management at the period end; the percentages of funds being used depending on values attributed in recent public transactions for the purchase of advisory and discretionary funds. A price earnings basis is used where more appropriate.

Valuation of investment in Euroclear plc
The fair valuation of the Group's investment in Euroclear plc takes into account a number of different valuation methods including dividend yield.

Onerous contracts provisions
The Group has made a best estimate discounted to present value of the likely costs of onerous contracts, allowing for sublease income where the provision is in relation to premises and it is more likely than not that the premises will be sublet.

5 Revenue

	2013 £'000 52 weeks	2012 £'000 52 weeks
Continuing operations		
Investment management commission income	93,451	83,982
Financial planning and trail income	26,469	38,561
Investment management fees	152,034	130,569
	271,954	253,112
Other operating income	11,724	16,419
Revenue from continuing operations	283,678	269,531
Discontinued operations		
Corporate Advisory & Broking Division (see note 10)	-	1,235
Total revenue from continuing and discontinued operations	283,678	270,766

6 Segmental information

For management purposes the Group currently has one business division: Investment Management. This forms the reportable segment of the Group for the period.

During the 52 week period ended 30 September 2012, the Group had one business division from 2 February 2012: Investment Management. Prior to 2 February 2012, it had two business divisions: Investment Management and Corporate Advisory and Broking which was discontinued (see note 10).

The Group's operations are carried out in the United Kingdom, Channel Islands and the Republic of Ireland. Income generated in the Republic of Ireland is reported as part of the Investment Management business division. All segment income relates to external clients.

The accounting policies of the operating segments are the same as those of the Group.

52 week period ended 29 September 2013

	Investment Management
	£'000
Total income	283,678
Operating profit before redundancy costs, additional FSCS levy, onerous contracts provision and amortisation of client relationships	51,286
Additional FSCS levy	(1,107)
Onerous contracts provision	(6,232)
Redundancy costs	(4,795)
Amortisation of client relationships	(12,520)
Operating profit	26,632
Finance income (net)	1,067
Other gains and losses	872
Profit before tax	28,571
Other Information	
Capital expenditure	19,623
Depreciation	5,569
Amortisation of intangible asset - software	3,021
Share-based payments	6,135
Segment assets excluding current tax assets	550,500
Segment liabilities excluding current tax liabilities	325,975

52 week period ended 30 September 2012

	Continuing operations	Discontinued operations	
	Investment Management	Corporate Advisory & Broking	Group
	£'000	£'000	£'000
Total income	269,531	1,235	270,766
Operating profit before redundancy costs, additional FSCS levy, onerous contracts provision and amortisation of client relationships	42,093	(2,317)	39,776
Additional FSCS levy	(553)	-	(553)
Redundancy costs	(570)	(47)	(617)
Amortisation of client relationships	(11,871)	-	(11,871)
Operating profit/(loss)	29,099	(2,364)	26,735
Finance income (net)	858	-	858
Other gains and losses	(74)	-	(74)
Costs of separation	-	(1,143)	(1,143)
Profit/(loss) before tax	29,883	(3,507)	26,376
Other Information			
Capital expenditure	23,768	-	23,768
Depreciation	7,174	40	7,214
Amortisation of intangible asset - software	3,563	-	3,563
Share-based payments	3,852	-	3,852
			-
Segment assets excluding current tax assets	446,226	-	446,226
Segment liabilities excluding current tax liabilities	281,240	-	281,240

7 Finance income and finance costs

	2013 52 weeks	2012 52 weeks
	£'000	£'000
Finance income		
Dividends from available-for-sale investments	436	278
Interest on bank deposits	1,016	1,383
	1,452	1,661
Finance costs		
Finance cost of deferred consideration	149	192
Interest expense on defined pension obligation	201	581
Unwinding of discount on provisions	18	-
Interest on bank overdrafts	17	30
	385	803

8 Other gains and losses

	2013 52 weeks £'000	2012 52 weeks £'000
Profit on disposal of available-for-sale investments	885	-
Impairment loss recognised on available-for-sale equity investments	(13)	(74)
	872	(74)

The impairment loss of £13k relates to the listed investment in PLUS Markets Group PLC (2012: £74k).
The profit on disposal of available-for-sale investments arose on the disposal of the Group's holding in N PLUS 1 Singer Limited (see note 10).

9 Taxation

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	2013	2012	2013	2012
	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom						
Current tax	6,590	6,650	-	(617)	6,590	6,033
Adjustments in respect of prior years	256	554	-	-	256	554
Overseas tax					-	-
Current tax	194	261	-	-	194	261
Adjustments in respect of prior years	-	-	-	-	-	-
	7,040	7,465	-	(617)	7,040	6,848
United Kingdom deferred tax						
Current year	365	1,140	-	-	365	1,140
Adjustments in respect of prior years	(108)	(216)	-	202	(108)	(14)
	7,297	8,389	-	(415)	7,297	7,974

United Kingdom corporation tax is calculated at 23.5% (2012: 25%) of the estimated assessable taxable profit for the period. The Finance Act 2012 received Royal Assent on 17 July 2012 and reduced the corporation tax rate to 23% from 1 April 2013 (24% applied from 1 April 2012).

Taxation for other jurisdictions is calculated at the relevant prevailing rates in the respective jurisdictions.

The charge for the year for continuing operations can be reconciled to the profit per the income statement as follows:

	2013	2012
	52 weeks	52 weeks
	£'000	£'000
Profit before tax on continuing operations	28,571	29,883
Tax at the UK corporation tax rate of 23.5% (2012: 25%)	6,714	7,471
Tax effect of:		
Income not taxable in determining taxable profit	(208)	-
Expenses that are not deductible in determining taxable profit	954	755
Prior year tax	(57)	141
Lower rates in subsidiaries	(275)	(105)
Exempt dividend income	(36)	(70)
Change in tax rate on deferred tax	205	197
Tax expense for the period	7,297	8,389
Effective tax rate for the year	26%	28%

In addition to the amount credited to the income statement, deferred tax relating to the revaluation of the Group's available-for-sale investments amounting to £633,000 (2012: £167,000 credited) has been debited to other comprehensive income, this is attributable to the reduction in the Corporation Tax rate and deferred tax relating to the actuarial (loss) in the defined benefit pension scheme amounting to £443,000 (2012: £1,164,000 credited) has been credited to other comprehensive income. Deferred tax on share-based payments of £316,000 (2012: £96,000 credited) has been credited to profit and loss reserves.

10 Discontinued operations

The disposal of the Corporate Advisory and Broking division was completed on 1 February 2012. At this date, the Group received a 14% preferred interest in N+1 Brewin LLP. In July 2012, N+1 Brewin LLP merged with Singer Capital Markets Limited, the Group's holding in the new entity, NPLUS1 Singer Limited, was 5.6%.

This holding was valued at £nil at 30 September 2012; the holding has now been sold for £885,472

The Corporate Advisory and Broking Division represented a reportable segment of the Group until its disposal and the effect of the discontinued operation on segment results is disclosed in note 6.

The results of the discontinued operations in the consolidated income statement were as follows:

	2013 52 weeks £'000	2012 52 weeks £'000
Revenue	-	1,235
Expenses	-	(3,599)
Operating (loss)/profit	-	(2,364)
Costs of separation	-	(1,143)
Loss before tax	-	(3,507)
Attributable tax	-	415
Loss attributable to discontinued operations (attributable to the owners of the Company)	-	(3,092)

During the year the division contributed a net cash outflow of £nil (2012: £3.5m outflow) to the Group's net operating cash flows.

11 Dividends

	2013 52 weeks £'000	2012 52 weeks £'000
Amounts recognised as distributions to equity shareholders in the period:		
2011/2012 Final dividend paid 8 April 2013, 3.6p per share (2012: 3.55p per share)	8,755	8,412
2012/2013 Interim dividend paid 28 June 2013, 3.55p per share (2012: 3.55p per share)	9,322	8,475
	18,077	16,887
Proposed final dividend for the 52 weeks ended 29 September 2013 of 5.05p (2012: 3.6p) per share based on shares in issue at 1 December 2013 (30 November 2012)	13,290	8,599

The proposed final dividend for the 52 week period ended 29 September 2013 of 5.05p 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, EES Trustees International Limited (the "Trustee") who holds 8,401,931 number of ordinary shares representing 3.08% of the Company's called up share capital has agreed to waive all dividends due to the Trustee.

12 Earnings per share

From continuing and discontinuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

Number of shares	2013 '000	2012 '000
Basic		
Weighted average number of shares in issue in the period	250,391	236,921
Diluted		
Weighted average number of options outstanding for the period	12,211	7,996
Estimated weighted average number of shares earned under deferred consideration arrangements	3,434	6,374
Diluted weighted average number of options and shares for the period	266,036	251,291

Earnings attributable to ordinary shareholders **Continuing operations**	2013 £'000	2012 £'000
Profit for the period from continuing operations	21,274	21,494
Disposal of available-for-sale investment	(885)	-
Redundancy costs	4,795	570
Additional FSCS levy	1,107	553
Onerous contracts provision	6,232	-
Amortisation of intangible assets - client relationships	12,520	11,871
less tax effect of above	(5,586)	(3,249)
Adjusted basic profit for the period and attributable earnings excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment	39,457	31,239
Profit for the period from continuing operations	21,274	21,494
Finance costs of deferred consideration (note a)	142	115
less tax	(33)	(29)
Adjusted fully diluted profit for the period and attributable earnings	21,383	21,580
Disposal of available-for-sale investment	(885)	-
Redundancy costs	4,795	570
Additional FSCS levy	1,107	553
Onerous contracts provision	6,232	-
Amortisation of intangible assets - client relationships	12,520	11,871
less tax effect of above	(5,586)	(3,249)
Adjusted basic profit for the period and attributable earnings excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment	39,566	31,325

From continuing operations		
Basic	8.5p	9.1p
Diluted	8.0p	8.6p

From continuing operations excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment

Basic	15.8p	13.2p
Diluted	14.9p	12.5p

a) Finance costs of deferred consideration are added back where the issue of shares is more dilutive than the interest cost saved.

Earnings attributable to ordinary shareholders	2013	2012
Continuing and discontinued operations		
	£'000	£'000
Profit for the period	21,274	18,402
Disposal of available-for-sale investment	(885)	-
Redundancy costs	4,795	617
Additional FSCS levy	1,107	553
Onerous contracts provision	6,232	-
Amortisation of intangible assets - client relationships	12,520	11,871
less tax effect of above	(5,586)	(3,260)
Adjusted basic profit for the period and attributable earnings excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment	39,457	28,183
Profit for the period	21,274	18,402
Finance costs of deferred consideration (note a above)	142	115
less tax	(33)	(29)
Adjusted fully diluted profit for the period and attributable earnings	21,383	18,488
Disposal of available-for-sale investment	(885)	-
Redundancy costs	4,795	617
Additional FSCS levy	1,107	553
Onerous contracts provision	6,232	-
Amortisation of intangible assets - client relationships	12,520	11,871
less tax effect of above	(5,586)	(3,260)
Adjusted basic profit for the period and attributable earnings excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment	39,566	28,269

The denominators used are the same as those detailed above for both basic and diluted earnings from continuing operations

From continuing and discontinued operations

Basic	8.5p	7.8p
Diluted	8.0p	7.4p

From continuing and discontinued operations excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships and disposal of available-for-sale investment

Basic	15.8p	11.9p
Diluted	14.9p	11.2p

13 Intangible assets

	Goodwill	Client relationships	Software development costs	Purchased software	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Cost					
At 30 September 2011	48,637	90,485	1,134	13,083	153,339
Additions	-	7,665	474	15,882	24,021
Disposals	-	-	-	(90)	(90)
Revaluation of shares to be issued and deferred purchase consideration in respect of acquisitions in prior periods	-	(3,460)	-	-	(3,460)
At 30 September 2012	48,637	94,690	1,608	28,875	173,810
Additions	-	4,616	1,053^^	15,235^	20,904
Disposals	-	-	-	(156)	(156)
Exchange differences	-	8	-	-	8
Revaluation of shares to be issued and deferred purchase consideration in respect of acquisitions in prior periods	-	1,264	-	-	1,264
At 29 September 2013	48,637	100,578	2,661	43,954	195,830
Accumulated amortisation and impairment					
At 30 September 2011	-	31,606	458	5,470	37,534
Amortisation charge for the period	-	11,871	304	3,259	15,434
Eliminated on disposal	-	-	-	(88)	(88)
Impairment losses for the period	-	-	-	-	-
At 30 September 2012	-	43,477	762	8,641	52,880
Amortisation charge for the period	-	12,520	265	2,756	15,541
Eliminated on disposal	-	-	-	(39)	(39)
Exchange differences	-	-	-	-	-
Impairment losses for the period	-	-	-	-	-
At 29 September 2013	-	55,997	1,027	11,358	68,382

^ £15m of purchased software acquired in the period and ^^£1m of software development costs, relate to an asset which is under development and not yet in use.

There have been no impairment losses to client relationships recognised in the period (2012: £nil)

Net book value					
At 29 September 2013	48,637	44,581	1,634	32,596	127,448
At 30 September 2012	48,637	51,213	846	20,234	120,930
At 30 September 2011	48,637	58,879	676	7,613	115,805

Client relationship additions are made up as follows:

	2013	2012
	£'000	£'000
Cash paid for additions in period	1,842	4,826
Deferred purchase liability	26	409
Value of shares to be issued*	189	2,213
	2,057	7,448
Cash paid for businesses or client relationships acquired in previous periods	1,642	2,052
Shares issued in period	5,868	7,586
Other additions	1,768	1,112
Utilisation of provisions for deferred purchase liability and shares to be issued	(6,719)	(10,533)
Adjustments to prior year acquisitions	2,559	217
Total additions	4,616	7,665

* The number of shares issuable is determined by the share price at the date of issue. If the shares had been issued at the end of the period the number of shares issued would have been 71,321 based on the closing share price as at 29 September 2013 (2012: 1,317,262) ordinary 1 pence shares.

Analysis of goodwill and client relationships

	Goodwill	Client relationships	Total
	£'000	£'000	£'000
Carrying amount at period end			
South East investment management team	9,987	-	9,987
Midland investment management team 1	5,153	-	5,153
Midland investment management team 2**	-	2,052	2,052
Midland investment management team 3	5,289	-	5,289
Midland investment management team 4		2,194	2,194
Tilman Brewin Dolphin Limited*	-	14,805	14,805
Other investment management teams ~	28,208	25,530	53,738
	48,637	44,581	93,218

* Amortisation period remaining 12 years 10 months.

** Amortisation period remaining 2 years.

~ 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.

Basis of valuation, key assumptions and sensitivity for impairment testing of goodwill

The key assumption is the value of the funds under management which is determined based on a percentage of funds under management with reference to recent observable market transactions, discretionary funds are valued at 3% and advisory funds at 1%.

Sensitivity analysis of the key assumptions

A 10bp absolute change in the value of funds under management used for the purpose of impairment testing impacts the valuation of the CGUs collectively by +/- 4.2% or +/- £19m movement on the estimated value of funds under management of £445m of the CGUs which have goodwill balances as at 29 September 2013.

14 Financial instruments and risk management

Overview
This note presents information about the Group's exposure to each of the risks below, the Group's policy and procedures for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group has exposure to the following risks from its use of financial instruments:

- market risk;
- credit risk;
- liquidity risk; and
- operational risk.

Risk Management
The Board of Directors have overall responsibility for establishing and overseeing the Group's risk management framework and risk appetite.

The Board have established a clear relationship between the Group's strategic objectives and the level of capital which the Board are prepared to place at risk through a risk appetite statement. The risk appetite statement sets out the type and level of risk the Group is prepared to accept in pursuit of its objectives. The Board reviews the statement 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 the Group operates within.

The Group's Board Risk Committees provide oversight of the adequacy of the Group's risk management framework based on the risks to which the Group is exposed. They also monitor how management comply with the Group's risk management policies and procedures. They are assisted in the discharge of this duty by the Group's Risk & Regulation function which has responsibility for monitoring the overall risk environment of the Group.

The Group's Audit Committee is responsible for overseeing the financial statements and working closely with the Board 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 under undertake periodic and ad-hoc reviews on the effectiveness of risk 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 policies also serve to set the appropriate controls, the adequacy and effectiveness of which is also subject to ongoing testing and review. The aim is to promote a robust risk culture with employees across the Group understanding their role and obligations under the framework.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. 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.

The Group conducts an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the Financial Conduct Authority ("FCA") for establishing the amount of regulatory capital to be held by the Group. There are two regulated entities in the Group: Brewin Dolphin Limited ("BDL") regulated by the FCA and Tilman Brewin Dolphin Limited regulated by the Central Bank of Ireland.

The Pillar II assessment of the ICAAP is the Board of Directors' opinion of the level of capital the Group should hold to support the risks to which the Group is exposed, be they internal or external in origin. This takes into the account the Group's Principal Risk Register which is updated on a bi-annual basis. The ICAAP is kept updated throughout the year to take account of changes to the Group's Principal Risks 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.

Capital adequacy is monitored daily by management. The Group uses the simplified approach to Credit Risk to calculate Pillar 1 requirements. The Group complied with the FCA's regulatory requirements throughout the period.

The regulatory capital resources of the Group calculated in accordance with FCA definitions were as follows:

	29 September 2013	30 September 2012
	£'000	£'000
Tier 1 capital resources		
Ordinary share capital	2,712	2,469
Share premium account	133,341	124,271
Own shares held	(12,734)	(12,569)
Retained earnings	29,294	21,331
Merger reserve	61,380	22,950
Shares to be issued	14,911	19,276
	228,904	177,728
Deduction - Intangible assets	(127,448)	(120,930)
	101,456	56,798
Tier 2 capital resources		
Revaluation reserve	7,652	4,285
Deductions	-	-
	7,652	4,285
Tier 1 plus tier 2 capital resources	109,108	61,083
Deduction - Material holdings	-	-
Total capital before deductions	109,108	61,083
Deductions from total capital	(380)	(452)
Total capital resources after deductions	108,728	60,631

There were no changes in the Group's approach for capital management during the period.

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 3 to the financial statements.

Categories of financial instruments

Group

	Carrying value	
	2013	2012
	£'000	£'000
Financial assets		
Fair value through profit and loss - held for trading	872	759
Loans and receivables (including cash and trade receivables)	386,098	292,939
Available-for-sale financial assets	10,000	6,013
	396,970	299,711
Financial liabilities		
Amortised cost	306,076	267,382
	306,076	267,382

Company

	Carrying value	
	2013	2012

	£'000	£'000
Financial assets		
Loans and receivables (including cash and trade receivables)	45,022	1,475
	45,022	1,475
Financial liabilities		
Amortised cost	22,248	26,614
	22,248	26,614

The carrying value approximates to the fair value of the financial assets and liabilities held.

Fair value measurement recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than the quoted price included within Level 1 that are observable for the asset or a liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from formal valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Held for trading				
Quoted equities	872	-	-	872
Available-for-sale financial assets				
Quoted equities	-	-	-	-
Unquoted equities	-	-	10,000	10,000
Total	872	-	10,000	10,872

There were no transfers between Levels 1 and 2 during the year.

Reconciliation of Level 3 fair value measurement of financial assets:

Available-for-sale

	Unquoted equities £'000
Balance at 30 September 2012	6,000
Total gains or losses:	
in other comprehensive income	4,000
Balance at 29 September 2013	10,000

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on the Level 3 fair value measurement basis.

I. 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 investment management and stockbroking activities on an agency basis on behalf of its clients in the UK and Republic of Ireland. The Group does not hold financial instruments as principal with the exception of the trading investments held by Brewin Dolphin MP and all trades are matched in the market.

The Group deals in foreign currencies on a matched basis on behalf of clients, limiting foreign exchange exposure. The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year end was a debtor of £119,000 (2012: £421,000 debtor).

At the period end Tilman Brewin Dolphin Limited had net assets of £4.0m (2012: £2.8m) denominated in its local currency (Euros).

The Group does not hold any derivatives (2012: none).

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 period.

Equity price risk

The Group is exposed to equity risk arising from its available-for-sale investments and those held-for-trading. Equity investments designated as available-for-sale are held for strategic purposes rather than trading purposes and the Group does not actively trade in these investments.

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:

- profit for the 52 week period ended 29 September 2013 would have been £44,000 higher/lower (2012: £39,000 higher/lower) due to changes in the value of held-for-trading investments; and

- other equity reserves as at 29 September 2013 would increase/decrease by £500,000 (2012: increase/decrease by £301,000/£300,000) for the Group as a result of the changes in fair value of available-for-sale investments

The Group's sensitivity to equity prices has not changed significantly from the prior period.

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 latter arises because the interest rate paid to its clients on their deposits is linked to the base rate of the respective central bank. The Group holds client deposits on demand (variable interest rate). At the end of the period a 1% increase in base rate would have increased profitability by £722,000 (2012: £328,000).

II. 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 and cash deposited at banks. The Group uses the simplified approach to calculate credit risk as defined by the FCA.

Exposure to credit risk is spread over a large number of counterparties and clients and with collateral held, principally, in Group nominee companies which helps to mitigate credit risk. The collateral held consists of equity and gilts quoted on recognised exchanges plus cash. Furthermore, all transactions are executed on a delivery versus payment ("DVP") basis or current settlement basis. Consequently, no residual maturity analysis is presented. The Group has no significant concentration of credit risk with the exception of cash where the majority is spread across three major banks.

The Group undertakes traded options as part of its service to clients: this is an insignificant part of the Group's business. This business is transacted as principal as per the LIFFE rules, all such transactions are always on a matched basis, clients are required to pledge collateral if they hold option positions, which are monitored on a daily basis. From 1 July 2013, the service was withdrawn for new clients.

- <u>Maximum exposure</u>
  The maximum exposure to credit risk at the end of the reporting period is equal to the balance sheet figure.

- <u>Credit exposure</u>

  Credit exposure in relation to both client and market transactions is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current period of £12,200; there are additional controls for high value trades.

- <u>Impaired assets</u>

  The total gross amount of individually impaired assets in relation to trade receivables at the period end was £356,000 (2012: £321,000). Collateral valued at fair value by the Group in relation to these impaired assets was £166,000 (2012: £120,000). 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 a doubtful debt (see note 20 to the 2013 Annual Report). Note 20 to the 2013 Annual Report also details amounts past due but not impaired.

- <u>Credit quality</u>

  Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds, equity and gilt trades quoted on a recognised exchange, are matched in the market, and are either traded on a cash against documents 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 in the Group nominee. At the period end no financial assets that would otherwise be past due or impaired had been renegotiated (2012: none).

Loans to employees are repayable over 5 to 10 years.

The credit risk on liquid funds, cash and cash equivalents is limited due to deposits being held at three major banks with minimum credit ratings of "A", assigned by international credit rating agencies. Deposits are managed by the Finance Department.

The Group carries out at least an annual review of all its banks' and custodians' credit ratings.

There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk during the period.

III. 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. All client cash deposits are repayable on demand. At 29 September 2013, the Group had access to an unsecured overdraft facility of £15 million (2012: £15 million).

The Group has a Liquidity Policy which is reviewed by the Board annually. As the Group normally deals with the market on a cash against document basis, liquidity risk is monitored by daily exception reports of unmatched items past settlement date and managed by the Finance and Credit Control Departments.

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 period.

The following are the undiscounted cash flows, with the exception of shares to be issued, of financial liabilities based on the earliest date on which the Group can be required to pay.

Group

As at 29 September 2013

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Amortised cost	234,737	27,114	25,551	18,674	-	306,076
	234,737	27,114	25,551	18,674	-	306,076

As at 30 September 2012

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Amortised cost	202,154	47,544	49	17,635	-	267,382
	202,154	47,544	49	17,635	-	267,382

Company

As at 29 September 2013

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Amortised cost	7,337	2,109	966	11,836	-	22,248
	7,337	2,109	966	11,836	-	22,248

As at 30 September 2012

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Amortised cost	7,338	5,858	-	13,418	-	26,614
	7,338	5,858	-	13,418	-	26,614

IV. Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes legal and regulatory risk, which is the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations.

The Group's approach to managing operational risk is to identify, assess, mitigate and monitor operational risks in a way which balances commercial and stakeholder interests. In pursuit of that aim, the Group has followed industry good practice for the risk management framework through the adoption of the 'three lines of defence' model. The Board believes this approach best serves the interests of Brewin Dolphin's stakeholders by ensuring accountability of management within the business and the proportionate allocation of resource within the oversight and control functions. This model ensures clear responsibilities under by apportioning specific duties to each of the three 'lines' and thus each line of plays an important role in ensuring effective risk management..

Operational risks are monitored and escalated by way of reports in accordance with the governance structure under the framework.

Information disclosure under Pillar 3 of the Capital Requirements Directive will be published on the Group's website before 31 December 2013 at www.brewin.co.uk.

15 Provisions

	Sundry claims and associated costs	Onerous contracts	Total
	£'000	£'000	£'000
At start of period	1,887	-	1,887
Additions	1,886	6,232	8,118
Utilisation of provision	(448)	(797)	(1,245)
Unwinding of discount	-	18	18
Unused amounts reversed during the period	(1,113)	-	(1,113)
At end of period	2,212	5,453	7,665

Provisions			
Included in current liabilities	2,212	2,193	4,405
Included in non-current liabilities	-	3,260	3,260
	2,212	5,453	7,665

The timing of settlements of sundry claims and associated costs cannot be accurately forecast; settlement of £nil (2012: £nil) has been made since the balance sheet date. £5m of the onerous lease provision is in respect of surplus office space which the Group may not be able to sublet in the short term. In relation to onerous lease contracts, the maximum exposure is the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts, which is approximately £ 23 million as at 29 September 2013.

16 Notes to the cash flow statement

	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Group		
Operating profit from continuing operations	26,632	29,099
Loss for the period from discontinued operations (note 10)	-	(3,507)
Adjustments for:		
Depreciation of property, plant and equipment	5,569	7,214
Amortisation of intangible assets - client relationships	12,520	11,871
Amortisation of intangible assets - software	3,021	3,563
Loss on disposal of property, plant and equipment	591	105
Loss on disposal of intangible asset - purchased software	117	-
Retirement benefit obligation	(2,995)	(2,991)
Share-based payment expense	6,135	3,852
Own shares disposed of on exercise of options	-	(8)
Translation adjustments	147	(196)
Interest income	1,016	1,383
Interest expense	(17)	(30)
Operating cash flows before movements in working capital	52,736	50,355
Increase/(decrease) in payables	44,471	(24,375)
(Increase)/decrease in receivables and trading investments	(30,431)	14,910
Cash generated by operating activities	66,776	40,890
Tax paid	(6,260)	(5,911)
Net cash inflow from operating activities	60,516	34,979

	52 weeks to 29 September 2013 £'000	52 weeks to 30 September 2012 £'000
Company		
Operating profit	19,721	16,332
Adjustments for:		
Unwind of discount of shares to be issued	27	34
Operating cash flows before movements in working capital	19,748	16,366
(Increase)/decrease in receivables	(44,239)	1,654
Cash generated by operating activities	(24,491)	18,020
Tax paid	-	-
Net cash (outflow)/inflow from operating activities	(24,491)	18,020

17. Annual General Meeting

The Annual General Meeting will be held at 11.30am on 17 February 2014 at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

18. Availability of Annual Report

The Annual Report will be posted to shareholders during January 2014. Copies will be available from the registered office of the Company, 12 Smithfield Street, London, EC1A 9BD. It will also be available as a download from the Company's website www.brewin.co.uk. A further notification will be made to advise of posting and publishing on the website.

19. Forward-looking statements

This announcement contains certain forward-looking statements with respect to the Brewin Dolphin's Group's financial condition, operations, and business opportunities. These forward-looking statements represent the Group's expectations or beliefs concerning future events, and involve known and unknown risks, and uncertainty, that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements. Past performance cannot be relied on as a guide to future performance.