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27 November 2019

Brewin Dolphin Holdings PLC

Preliminary Report

For the Year Ended 30 September 2019

Another period of strong organic funds inflows with the Group making progress on its strategic plan.

Financial Highlights

- Total funds were £45.0bn, an increase of 5.1% (2018: £42.8bn).
  - Discretionary funds of £40.1bn, including acquired funds of £0.3bn, (2018: £37.6bn) reflect continued organic growth and positive investment performance.
  - Discretionary net funds inflows of £1.4bn (2018: £2.3bn) represent an annualised growth rate of 3.7% (2018: 6.8%).
- Profit before tax and adjusted[1] items of £75.0m, 3.2% lower than 2018 (£77.5m) in-line with expectations.
- Statutory profit before tax of £62.6m, 8.6% lower than 2018 (£68.5m).
- Total income for the period increased by 3.1% to £339.1m (2018: £329.0m).
- Total costs of £265.7m excluding adjusted[1] items (2018: £252.3m), 5.3% increase due to planned spending on growth initiatives and infrastructure projects.
- Adjusted[1] earnings per share:
  - Diluted earnings per share[2] of 20.5p (2018: 21.7p).
  - Basic earnings per share of 21.2p (2018: 22.5p).
- Statutory earnings per share:
  - Diluted earnings per share of 16.6p (2018: 18.9p).
  - Basic earnings per share of 17.0p (2018: 19.5p).
- Full year dividend 16.4p (2018: 16.4p), final dividend of 12.0p per share (2018: 12.0p per share).

1. See Financial Review for a reconciliation of profit before tax and adjusted items to statutory profit before tax and an explanation of adjusted performance measures.
2. See note 9.

Business Highlights

- Continued strong funds growth, driven by a year of positive net inflows.
- Successfully completing three acquisitions; increasing funds, advice-led capacity and geographical footprint.
- Completed the acquisition of Investec Capital and Investments (Ireland) Limited on 31 October 2019.
- Technology infrastructure projects on track, supporting our growth strategy.
- Client offering expanded through MPS expansion and *1762 from Brewin Dolphin* propositions.
- Balance sheet remains strong.

David Nicol, Chief Executive, said:

"I am very pleased with our financial performance, particularly over the second half of the year. The Group has continued to deliver strong and resilient organic growth, against the continued uncertain economic and political backdrop. This is demonstrated by the strength of our discretionary funds flows. Our strategy of focusing on our advice-led wealth management service continues to deliver results.

We continue to invest in our business to support future long-term growth. We have completed and integrated a number of strategic acquisitions and the replacement of our core custody and settlement system is on track. These initiatives are laying the foundations for long-term growth and will ensure that we are well placed to capture future market opportunities."

Declaration of Final Dividend

The Board is proposing a final dividend of 12.0p per share, to be approved at the 2020 AGM and to be paid on 12 February 2020 to shareholders on the register at the close of business on 10 January 2020 with an ex-dividend date of 9 January 2020.

For further information:

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NOTES TO EDITORS: Brewin Dolphin is one of the UK's leading independent providers of discretionary wealth management. We continue to focus on discretionary investment management, and we manage £40.1 billion of funds on a discretionary basis. In line with the premium we place on personal relationships, we have built a network of offices across the UK, Channel Islands and the Republic of Ireland, staffed by qualified investment managers and financial planners. We are committed to the most exacting standards of client service, with long-term thinking and absolute focus on our clients' needs at the core.

Building an innovative business

Summary

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

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

- Growth
- Innovation
- Disciplined Investment

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

Performance

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

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

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

Demand for advice

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

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

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

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

Direct clients

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

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

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

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

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

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

Indirect clients

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

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

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

Office network and acquisitions

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

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

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

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

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

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

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

Professional services

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

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

Scale matters

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

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

Investments in technology

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

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

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

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

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

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

Talent

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

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

Our new London office

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

Looking ahead

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

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

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

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

David Nicol
Chief Executive
26 November 2019

Delivering a robust financial performance

Results for the year

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

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

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

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

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

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.
2. See note 9.

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

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

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

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

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

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

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

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

Funds

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

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

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

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

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

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

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

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

Income

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

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

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

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

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

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

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

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

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

Income margin[1]

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

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

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

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

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

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

Costs (excluding adjusted[1] items)

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

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

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

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

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

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

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

Adjusted items

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

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

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

Acquisitions

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

Both the acquisition of Epoch and Aylwin are financial planning businesses and deepen our capabilities. The acquisition of Mathieson Consulting, an expert witness report writing business, broadens our professional services offering. Further details of the acquisitions are provided in note 15.

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

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

Defined benefit pension scheme (the 'Scheme')

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

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

The Group has agreed to pay additional contributions of £1.25 million per annum until December 2020 into the Scheme (see note 17 to the 2019 Annual Report and Accounts for further detail).

IFRS 16 Leases

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

Dividend

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

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

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

The distributable reserves of the Company comprise £38.4 million of the merger reserve (see note 25 to the 2019 Annual Report and Accounts) and the majority of the balance of the profit and loss reserve.

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

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

Capital resources and regulatory capital

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

At 30 September 2019, the Group had regulatory capital resources of £215.9 million (2018: £180.8 million), see note 16. The Group's primary regulator is the Financial Conduct Authority ('FCA'). The FCA's rules determine the calculation of the Group's regulatory capital resources and regulatory capital requirements. As required under FCA rules, we perform an Internal Capital Adequacy Assessment Process ('ICAAP') which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold.

Following the completion of the acquisition of ICIIL, the net assets of the Group on a proforma basis are £183.1 million.

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

Cash flow

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

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

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

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

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

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

Measuring the success of our strategy

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

Measuring our performance

Key Performance Indicators ('KPIs') are used to measure both the progress and success of our strategy implementation. The KPIs for each objective are set out below.

Changes to KPIs

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

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

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

KPIs

Strategic outcome	KPI	FY 2017	FY 2018	FY 2019	Target / Benchmark
Revenue growth	Discretionary funds inflows	8.0%	6.8%	3.7%	5%
	Net promoter score	47.9%	44.3%	51.2%	46.0%
	Overall client satisfaction[3]	8.5	8.5	8.6	8.5
Improved efficiency	Adjusted[1] PBT margin	23.0%	23.6%	22.1%	25%
	Discretionary funds per CF30	£75m	£80m	£81m	£100m
	Employee engagement	82%	83%	87%	77%
Capital efficiency & shareholder return	Capital adequacy risk appetite ratio	232%	234%	291%	150% (minimum)
	Adjusted[1,2] diluted EPS	19.6p	21.7p	20.5p	n/a
	Dividend payout ratio	77%	76%	80%	60%-80%

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts, FSCS levy refund and other gains and losses.
2. See note 9.
3. Scored out of 10.

Managing our risks

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

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

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

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

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

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

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

Risk management process

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

- Business risks;
- Financial risks; and
- Operational risks.

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

Risk Management Framework

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

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

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

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

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

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

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

Risk Management Framework

Top down risk management

Board

• Responsible for ensuring there is an adequate and appropriate risk management framework and culture in place.

• Sets risk appetite and is responsible for ensuring alignment with the Group's business strategy.

• Approves the ICAAP.

Risk Committee

• Oversees the Risk Management Framework.

• Assists the Board in its responsibilities for the integrity of internal control and risk management systems.

• Recommends the ICAAP to the Board for approval.

Audit Committee

• Assists the Board in gaining assurance as to the integrity of the financial statements and the effectiveness of the system of internal controls.

• Monitors the effectiveness and objectivity of internal and external auditors.

Risk Management Committee

• Executive level committee oversight and monitoring of the adequacy and effectiveness of the Risk Management Framework.

• Monitors current and emerging risks and themes.

• Oversees the Group's Policy Framework.

Bottom up risk management

Risk identification and assessment

• Risk and Control Self Assessments to identify the key risks for each department and for business change activities.

• Assessment of inherent (pre-control) and residual risk (post-control).

Risk mitigation and management

• Management of events that have a potential or actual financial, regulatory, operational or client impact.

• Agreeing action plans to mitigate risk issues.

Risk monitoring and reporting

• The business community is primarily responsible for monitoring risks.

• Risk trends are monitored and analysed.

• Key risk indicators are reviewed monthly.

Risk assurance

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

Responding to risks

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

Principal Risks and Uncertainties

The tables below detail the principal risks and uncertainties we have identified, it is not an exhaustive list of all of the risks the Group faces. We have a process to regularly report key risk indicators and identify changes in the profile of these principal risks. We also consider emerging risks as part of this process.

Key to our strategic outcomes

RG Revenue growth

IE Improved efficiency

CS Capital efficiency and shareholder return

Business risks

These are the risks that we do not set the right strategy, a material business decision fails, or external market factors impact the businesses viability. This could include an inability to introduce or enter into new business lines effectively, to expand organically or through merger/acquisition, or to enhance the effectiveness of our operational infrastructure. In addition to the principal risk specified, we monitor the external environment and model the potential impact of different potential geopolitical scenarios as part of our stress testing programme.

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

Financial risks

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

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

Operational risks

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

Principal risk and risk owner	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
4 Regulatory & Legal Compliance (Risk owner: Chief Risk Officer)	This is the risk that we are not compliant with all existing applicable regulation and legislation, which could lead to regulatory enforcement action.	CS	• Compliance and Legal functions monitor and oversee fulfilment of our regulatory and legislative requirements and interactions with our key regulators. • The Group has a Compliance Monitoring programme, approved by the Audit Committee and reviewed by the Risk Management Committee. Monitoring is carried out by a dedicated second line team.	• We have built dashboards to monitor each regulatory risk which includes assessment of the control environment, regulatory interaction, issues and breaches.	▼ The net risk has reduced as we continue to strengthen our control environment.
5 Change Management (Risk owners: Chief Operating Officer and Chief Risk Officer)	The risk that business and regulatory changes are not delivered. This could restrict the firm's ability to achieve its strategic objectives of revenue growth and operational efficiency. Failure to deliver regulatory change could result in sanctions.	IE	• Change management is centralised within a Change and Transformation team. • A Business Change Board with Executive Committee representatives oversee and challenge the change management programme.	• Project status taking into account risks, issues, budget, resources, internal and vendor deliverables.	▲ We are undertaking technology infrastructure replacement projects to achieve our strategic objectives. Our governance and Board level oversight has increased in response.
6 Conduct (Risk owner: Investment Solutions and Distribution Managing Director)	This is the risk of not delivering fair outcomes for clients.	CS	• Tone from the top sets a culture which puts delivering fair outcomes for clients at the core of the Group's activities/ethos. • A conduct risk framework sets our approach to conduct risk governance and the ongoing assessment, monitoring against key metrics and reporting of conduct risk. • A conduct risk dashboard is in place, enabling detailed monitoring and oversight	• Quality of Advice. • Portfolio Turnover. • Asset Allocation. • Client Complaints.	▼ We continue to embed our monitoring dashboard of portfolio metrics, to address conduct risk.

			of conduct risk at an individual employee level. • A risk based client on-boarding process which ensures that we understand our clients' needs and attitudes to risk. • A quality assurance process to identify and address any instances where the best outcomes for clients are not achieved. • Robust investment governance supported by an Investment Governance Committee and a dedicated research department.		
7 Operational Resilience (Risk owner: Chief Risk Officer and Chief Operating Officer)	This is the risk that the Group does not have the ability to prevent, detect, respond to, recover and learn from operational disruption to core business activities, including cyber attacks, failed business change or wider market disruption.	CS	• A dedicated Information Security, Data Protection and Operational Resilience team report directly to the Chief Risk Officer. • Crisis management scenarios are undertaken with external providers to test the roles and responsibilities of the crisis management response teams. We engage independent parties to act undercover and simulate attacks. • We have a third party security specialist in place to ensure the resilience capabilities of our third parties. • Business recovery plans are a core part of business change projects.	• Technology resilience and potential vulnerabilities. • Key Person Dependencies. • Service Disruptions.	▲ The external threat of operational disruption increases. We continue to enhance our approach to mitigating this risk.

Viability Statement

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

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

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

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

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

The reverse stress tests allow the Board to assess scenarios and circumstances that would render its business model unviable.

This enables the identification of potential business vulnerabilities and the development of potentially mitigating actions.

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

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

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

Going concern

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

The Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk are described in note 16.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BREWIN DOLPHIN HOLDINGS PLC ON THE PRELIMINARY ANNOUNCEMENT OF BREWIN DOLPHIN HOLDINGS PLC

As the independent auditor of Brewin Dolphin Holdings PLC ("the company") we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of Brewin Dolphin Holding PLC's preliminary announcement statement of annual results for the period ended 30 September 2019.

The directors of Brewin Dolphin Holdings PLC are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules".

Status of our audit of the financial statements

Our audit of the annual financial statements of Brewin Dolphin Holdings PLC is complete and we signed our auditor's report on 26 November 2019. Our auditor's report is not modified and contains no emphasis of matter paragraph.

Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work:

Revenue recognition	
Description	As detailed in the summary of significant accounting policies in note 3, revenue comprises investment management fees of £239.1m (2018: £233.9m), commissions of £69.1m (2018: £67.8m) and other income of £30.9m (2018: £27.3m). Investment management fees account for approximately 71% of total revenue and are based on a percentage of individual clients' funds under management. There is a risk that incorrect rates or fund valuations are used to calculate management fees. This risk increases where amendments are required to be made to system calculated fees due to the requirement for manual intervention. We have also identified this as a risk relating to fraud.
How the scope of our audit responded	We evaluated the design and implementation and tested the operating effectiveness of relevant controls over the calculation of management fees. This included controls over system generated investment management fees, including associated IT controls and controls over amendments to client fees. We selected a sample of quarterly investment management fee calculations for individual clients and recalculated the system generated amount. We agreed a sample of the rates used to client contracts and the value of funds under management to third party sources including the rationale and authorisation of any amendments to the system generated fee. We reviewed client communications, new accounts and transfers for a sample of clients to challenge the completeness of manual fee amendments.
Key observations	Through our testing, we concluded that management fees were appropriately stated for the year ended 30 September 2019.
Intangible assets: client relationships and goodwill	
Description	Historically, the group has expanded through acquisitions leading to the recognition of goodwill and client relationships of £103.2m (2018: £83.2m). As detailed in the summary of significant accounting policies in note 3 and note 10

	intangible assets, client relationships are reviewed for indicators of impairment at each reporting date and, if an indicator of impairment exists, an impairment test is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist. The impairment test requires an estimation of the recoverable amount for each of the group's cash-generating units ("CGUs") and where the carrying amount exceeds the recoverable amount an impairment should be recorded. This assessment is based on estimates of the fair value less costs to sell of CGUs based on a percentage of funds under management ("FUM"). The percentages used are inherently judgemental. We have also identified this as a risk relating to fraud. Given the amortisation of client relationships and growth in FUM, the impairment tests at the balance sheet date were not sensitive to reasonably possible changes in the percentages applied to FUM. Consequently, management has determined that the estimation of the percentages applied to FUM is not a "key source of estimation uncertainty". However, given the size of the balance, the level of management judgement in the overall impairment assessment and the amount of audit effort in this area, we still consider this to be a key audit matter.
How the scope of our audit responded	We evaluated the design and implementation and tested the operating effectiveness of relevant controls over the production of funds under management data, designed to ensure its completeness and accuracy. In assessing management's impairment assessment for intangible assets, we have reviewed their methodology for compliance with the requirements of IAS 36 "Impairment of Assets" and challenged the assumptions and judgements made. This included challenging the percentages management applied to market values of FUM to determine fair value, and validating these against percentages derived from recent public acquisitions of fund management businesses and the sensitivity of the impairment assessment to changes in the percentages applied.
Key observations	Through our testing, we concurred with management's assessment that no impairments were required to goodwill or client relationships. We also concurred with management's judgement that the percentages applied to FUM are not a key source of estimation uncertainty.
Assumptions underlying the calculation of the pension scheme liability	
Description	The group has recognised a defined benefit pension surplus of £17.4m (2018: £11.4m surplus). The net surplus comprises assets of £125.2m and liabilities of £106.9m. The calculation of the liability is sensitive to changes in underlying assumptions and is considered to be a key source of estimation uncertainty for the company as detailed in note 3. The key assumptions are the discount rate, inflation rate and mortality rate where small changes to these assumptions could result in a material change to the pension liability valuation.
How the scope of our audit responded	In order to evaluate the appropriateness of the assumptions used by management, we evaluated the design and tested the implementation of relevant controls over the review of assumptions and used our own actuarial experts to make direct enquiries of the group's actuary and review the key actuarial assumptions adopted in the IAS 19 ("Employee Benefits") pension valuation. In particular we compared the discount rate, inflation rate and mortality assumptions to our independently determined benchmarks derived using market and other data.
Key observations	Through the work performed, we concluded that the assumptions underlying the pension scheme liability for the year ended 30 September 2019 were within the middle of our range of independently determined reasonable benchmarks.

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

Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of Brewin Dolphin Holdings PLC we carried out the following procedures:

(a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited or draft financial statements and reflect the presentation to be adopted in the audited financial statements;

(b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;

(c) considered whether the financial information in the preliminary announcement is misstated;

(d) considered whether the preliminary announcement includes a statement by directors as required by section 435 of CA 2006 and whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;

(e) where the preliminary announcement includes alternative performance measures ("APMs"), considered whether appropriate prominence is given to statutory financial information and whether:

- the use, relevance and reliability of APMs has been explained;
- the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;
- the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
- comparatives have been included, and where the basis of calculation has changed over time this is explained.

(f) read the management commentary, any other narrative disclosures and any final interim period figures and considered whether they are fair, balanced and understandable.

Use of our report

Our liability for this report, and for our full audit report on the financial statements is 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 our audit report or this report, or for the opinions we have formed.

Robert Topley FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 November 2019

Consolidated Income Statement
Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Revenue	4	**336,301**	326,226
Other operating income	4	**2,808**	2,801
Income		**339,109**	329,027
Staff costs		**(184,896)**	(174,822)
Amortisation of intangible assets - client relationships and brand	10	**(6,858)**	(7,619)
Defined benefit pension scheme past service costs		**(1,909)**	–
Acquisition costs	15	**(2,337)**	–
Incentivisation awards		**(340)**	(1,318)
Onerous contracts		**(996)**	(170)
FSCS levy refund		**–**	288
Other operating costs		**(80,812)**	(77,506)
Operating expenses		**(278,148)**	(261,147)
Operating profit		**60,961**	67,880
Finance income	6	**1,708**	903
Other gains and losses		**1**	(162)
Finance costs	6	**(146)**	(117)
Profit before tax		**62,524**	68,504
Tax	7	**(14,457)**	(15,008)
Profit for the year		**48,067**	53,496
Attributable to:			
Equity holders of the parent		**48,067**	53,496
		48,067	53,496
Earnings per share			
Basic	9	**17.0p**	19.5p
Diluted	9	**16.6p**	18.9p

Consolidated Statement of Comprehensive Income

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Profit for the year		**48,067**	53,496
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on defined benefit pension scheme		**5,601**	3,765
Deferred tax charge on actuarial gain on defined benefit pension scheme	11	**(945)**	(577)
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	12	**1**	–
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**200**	–
Tax on gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**(38)**	–
		4,819	3,188
Items that may be reclassified subsequently to profit and loss:			
Revaluation of available-for-sale investments	12	**–**	2
Reversal of revaluation of available-for-sale investments	12	**–**	106
Deferred tax charge on revaluation of available-for-sale investments	11	**–**	(21)
Loss on cash flow hedge	16	**(24)**	–
Exchange differences on translation of foreign operations		**(67)**	35
		(91)	122
Other comprehensive income for the year net of tax		**4,728**	3,310
Total comprehensive income for the year		**52,795**	56,806
Attributable to:			
Equity holders of the parent		**52,795**	56,806
		52,795	56,806

Consolidated Balance Sheet

As at 30 September 2019

	Note	2019 £'000	As at 1 October 2018[1] £'000	At 30 September 2018 £'000
Assets				
Non-current assets				
Intangible assets	10	**117,246**	85,719	85,719
Property, plant and equipment		**10,659**	8,110	8,110
Defined benefit pension scheme		**17,373**	11,408	11,408
Net deferred tax asset	11	**–**	4,141	4,141
Total non-current assets		**145,278**	109,378	109,378
Current assets				
Trade and other receivables		**216,212**	171,145	171,145
Financial assets at fair value through other comprehensive income	12	**79**	676	–
Available-for-sale investments	12	**–**	–	676
Financial assets at fair value through profit or loss	12	**373**	356	–
Trading investments	12	**–**	–	356
Cash and cash equivalents		**229,199**	186,222	186,222
Total current assets		**445,863**	358,399	358,399
Total assets		**591,141**	467,777	467,777
Liabilities				
Trade and other payables		**220,921**	176,104	176,104
Current tax liabilities		**6,035**	5,352	5,352
Provisions	13	**4,350**	3,424	3,424
Total current liabilities		**231,306**	184,880	184,880
Net current assets		**214,557**	173,519	173,519
Non-current liabilities				
Trade and other payables		**832**	926	926
Shares to be issued	10	**3,668**	–	–
Net deferred tax liability	11	**2,699**		
Provisions	13	**14,933**	8,234	8,234
Total non-current liabilities		**22,132**	9,160	9,160
Total liabilities		**253,438**	194,040	194,040
Net assets		**337,703**	273,737	273,737
Equity				
Share capital	14	**3,032**	2,834	2,834
Share premium account	14	**58,238**	152,477	152,477
Own shares		**(25,214)**	(26,060)	(26,060)
Hedging reserve		**(24)**	–	–
Revaluation reserve		**3**	2	2
Merger reserve		**70,553**	70,553	70,553
Profit and loss account		**231,115**	73,931	73,931
Equity attributable to equity holders of the parent		**337,703**	273,737	273,737

1. Presented following the adoption of IFRS 9 Financial Instruments - see notes 2 and 18 for more detail.

Approved by the Board of Directors and authorised for issue on 26 November 2019.

Signed on its behalf by

David Nicol
Chief Executive

Siobhan Boylan
Chief Financial Officer

Consolidated Statement of Changes in Equity

Year ended 30 September 2019

	Attributable to the equity holders of the parent							
	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account[1] £'000	Total £'000
At 30 September 2017	2,833	152,320	(25,921)	–	(85)	70,553	62,876	262,576
Profit for the year	–	–	–	–	–	–	53,496	53,496
Other comprehensive income for the year								
Deferred and current tax on other comprehensive income	–	–	–	–	(21)	–	(577)	(598)
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	–	3,765	3,765
Revaluation of available-for-sale investments	–	–	–	–	108	–	–	108
Exchange differences on translation of foreign operations	–	–	–	–	–	–	35	35
Total comprehensive income for the year	–	–	–	–	87	–	56,719	56,806
Dividends	–	–	–	–	–	–	(41,599)	(41,599)
Issue of share capital	1	157	–	–	–	–	–	158
Own shares acquired in the year	–	–	(13,507)	–	–	–	–	(13,507)
Own shares disposed of on exercise of options	–	–	13,368	–	–	–	(13,368)	–
Share-based payments	–	–	–	–	–	–	8,915	8,915
Tax on share-based payments	–	–	–	–	–	–	388	388
At 30 September 2018	**2,834**	**152,477**	**(26,060)**	**–**	**2**	**70,553**	**73,931**	**273,737**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**48,067**	**48,067**
Other comprehensive income for the year								
Deferred and current tax on other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(983)**	**(983)**
Actuarial gain on defined benefit pension scheme	**–**	**–**	**–**	**–**	**–**	**–**	**5,601**	**5,601**
Fair value movement on investments in equity instruments designated as at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**200**	**200**
Loss on cash flow hedge	**–**	**–**	**–**	**(24)**	**–**	**–**	**–**	**(24)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(67)**	**(67)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(24)**	**1**	**–**	**52,818**	**52,795**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(45,986)**	**(45,986)**
Issue of share capital	**2**	**95**	**–**	**–**	**–**	**–**	**–**	**97**
Placing of shares	**196**	**58,181**	**–**	**–**	**–**	**–**	**–**	**58,377**
Own shares acquired in the year	**–**	**–**	**(8,898)**	**–**	**–**	**–**	**–**	**(8,898)**
Own shares disposed of on exercise of options	**–**	**–**	**9,744**	**–**	**–**	**–**	**(9,744)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**7,769**	**7,769**
Share premium reduction (see note 14)	**–**	**(152,515)**	**–**	**–**	**–**	**–**	**152,515**	**–**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**(188)**	**(188)**
At 30 September 2019	**3,032**	**58,238**	**(25,214)**	**(24)**	**3**	**70,553**	**231,115**	**337,703**

1. A cumulative debit of £81k has been recognised in the profit and loss account reserve as at 30 September 2019 for exchange differences on translation of foreign operations (2018: £14k debit, 2017: £49k debit).

Company Balance Sheet

As at 30 September 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investment in subsidiaries		**192,215**	188,491
Total non-current assets		**192,215**	188,491
Current assets			
Trade and other receivables		**38,967**	72,679
Cash and cash equivalents		**47,000**	1,445
Total current assets		**85,967**	74,124
Total assets		**278,182**	262,615
Liabilities			
Current liabilities			
Trade and other payables		**13,039**	11,700
Total current liabilities		**13,039**	11,700
Net current assets		**72,928**	62,424
Non-current liabilities			
Shares to be issued		**3,668**	–
Total non-current liabilities		**3,668**	–
Total liabilities		**16,707**	11,700
Net assets		**261,475**	250,915
Equity			
Share capital	14	**3,032**	2,834
Share premium account	14	**58,238**	152,477
Own shares		**(25,214)**	(26,060)
Hedging reserve		**(24)**	–
Merger reserve		**70,838**	70,838
Profit and loss account		**154,605**	50,826
Equity attributable to equity holders		**261,475**	250,915

Approved by the Board of Directors and authorised for issue on 26 November 2019.

Signed on its behalf by

David Nicol
Chief Executive

Siobhan Boylan
Chief Financial Officer

Brewin Dolphin Holdings PLC
Company Number: 02685806

Company Statement of Changes in Equity

Year ended 30 September 2019

	Attributable to the equity holders of the Company						
	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2017	2,833	152,320	(25,921)	–	70,838	35,485	235,555
Profit for the year	–	–	–	–	–	61,393	61,393
Total comprehensive income for the year	–	–	–	–	–	61,393	61,393
Dividends	–	–	–	–	–	(41,599)	(41,599)
Issue of share capital	1	157	–	–	–	–	158
Own shares acquired in the year	–	–	(13,507)	–	–	–	(13,507)
Own shares disposed of on exercise of options	–	–	13,368	–	–	(13,368)	–
Share-based payments	–	–	–	–	–	8,915	8,915
At 30 September 2018	**2,834**	**152,477**	**(26,060)**	**–**	**70,838**	**50,826**	**250,915**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(775)**	**(775)**
Other comprehensive expense for the year							
Loss on cash flow hedge	**–**	**–**	**–**	**(24)**	**–**	**–**	**(24)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(24)**	**–**	**(775)**	**(799)**
Dividends	**–**	**–**	**–**	**–**	**–**	**(45,986)**	**(45,986)**
Issue of share capital	**2**	**95**	**–**	**–**	**–**	**–**	**97**
Placing of shares	**196**	**58,181**	**–**	**–**	**–**	**–**	**58,377**
Own shares acquired in the year	**–**	**–**	**(8,898)**	**–**	**–**	**–**	**(8,898)**
Own shares disposed of on exercise of options	**–**	**–**	**9,744**	**–**	**–**	**(9,744)**	**–**
Share premium reduction (see note 14)	**–**	**(152,515)**	**–**	**–**	**–**	**152,515**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**7,769**	**7,769**
At 30 September 2019	**3,032**	**58,238**	**(25,214)**	**(24)**	**70,838**	**154,605**	**261,475**

Consolidated Cash Flow Statement

Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	17	**66,647**	79,705
Cash flows from investing activities			
Purchase of intangible assets - client relationships		**(10,011)**	(121)
Purchase of intangible assets - software		**(10,064)**	(1,076)
Purchases of property, plant and equipment		**(5,249)**	(7,081)
Acquisition of subsidiaries		**(2,680)**	–
Purchase of financial assets at fair value through profit and loss		**–**	(300)
Proceeds on disposal of financial instruments at fair value through other comprehensive income		**799**	6
Net cash used in investing activities		**(27,205)**	(8,572)
Cash flows from financing activities			
Dividends paid to equity shareholders	8	**(45,986)**	(41,599)
Purchase of own shares		**(8,898)**	(13,507)
Cash flow hedge	16	**(24)**	–
Proceeds on issue of shares	14	**58,474**	158
Net cash from/(used) in financing activities		**3,566**	(54,948)
Net increase in cash and cash equivalents		**43,008**	16,185
Cash and cash equivalents at 1 October		**186,222**	169,995
Effect of foreign exchange rates		**(31)**	42
Cash and cash equivalents at 30 September		**229,199**	186,222

Company Cash Flow Statement
Year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	17	**33,091**	42,453
Cash flows from financing activities			
Dividends paid to equity shareholders	8	**(45,986)**	(41,599)
Cash flow hedge	16	**(24)**	–
Proceeds on issue of shares	14	**58,474**	158
Net cash from/(used) in financing activities		**12,464**	(41,441)
Net increase in cash and cash equivalents		**45,555**	1,012
Cash and cash equivalents at 1 October		**1,445**	433
Cash and cash equivalents at 30 September		**47,000**	1,445

1. General information

The financial information contained in this preliminary announcement does not constitute the Group's and the Company's Statutory Financial Statements for the period ended 30 September 2019 within the meaning of section 435 of the Companies Act 2006.

The financial information set out in this preliminary announcement has been extracted from the Group's and the Company's 2019 Annual Report and Accounts, which have been approved by the Board of Directors on 26 November 2019 and agreed with Deloitte LLP, the Company's Auditor. The Auditor's Report was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Whilst the financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") the preliminary announcement does not contain sufficient information to comply with IFRS.

The accounting policies used are consistent with those set out in note 3 to the 2018 Annual Report and Accounts which have been delivered to the Registrar of Companies, with the exception of 3h.revenue recognition and 3q.financial instruments which have been updated following the new revised standards adopted, see note 2b below for more information. The revised accounting policies for these are set out in note 21. Additionally, there are new accounting policies for derivative financial instruments and hedging activities; shares to be issued including premium and intangible asset - brand, these are also set out in note 21.

The critical accounting judgements and key sources of estimation uncertainty are set out in note 3.

The 2019 Annual Report and Accounts will be posted to shareholders during January 2020. Copies will be available from the registered office of the Company, 12 Smithfield Street, London, EC1A 9BD. It will also be available on the Company's website www.brewin.co.uk.

2. Application of new and revised International Financial Reporting Standards ('IFRSs') and changes in accounting policies

a. New standards, amendments and interpretations adopted

The following new and revised standards and interpretations have been applied in the current year:

- IFRS 15 Revenue from Contracts with Customers; and
- IFRS 9 Financial Instruments.

Both standards were adopted from 1 October 2018 and under the transition methods chosen, comparative information has not been restated, however, the Balance Sheet has been reclassified. Further information and changes to significant accounting policies as a result of the application of these standards for the first time are described below in note 2b.

The Group adopted the amendments to IFRS 2 Classification and Measurement of Share Based Payments Transactions in the current period. This did not result in a significant impact on the amounts reported in these financial statements.

b. Changes in accounting policies

There have been no changes to accounting policies in the year except for the changes described below:

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled.

Revenue is recognised in accordance with a principle based five-step model applied to all contracts with customers. The model determines when and how much revenue to recognise. Revenue is recognised when (or as) an entity satisfies a performance obligation by transferring promised goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether performance obligations expressed in the customer contracts are fulfilled, revenue is recognised either over time, in a manner that best reflects the entity's performance of those obligations, or at a point in time, when control of the goods or services is transferred to the customer. Any incremental cost of obtaining a customer contract is capitalised if that cost is expected to be recovered.

Transition

The Group has applied IFRS 15 using the cumulative effect method as an adjustment to the opening balance of equity at 1 October 2018. There have been no adjustments to opening retained reserves on transition. The comparative information has not been adjusted and continues to be reported under IAS 18.

Impact

The details of the significant changes and the conclusions adopted by the Group in applying the requirements of IFRS 15 to determine the transaction price and performance obligations specified in contracts with customers are explained below.

Transaction price

Revenue is measured based on the consideration specified in customer contracts, excluding amounts collected on behalf of third parties, that the Group is entitled to in exchange for transferring services to a customer. Where a contract contains variable consideration and provides the services over time the Group estimates the amount to which it is entitled under the contract. The Group constrains the estimate where there is a risk of significant revenue reversal and reassesses this estimate at the end of the relevant billing period when the variable consideration amount is known.

Services

The Group has considered when its services are delivered in determining when revenue is recognised. Its services are delivered both over time and at a point in time.

The Group has assessed all the services expressed in its contracts with customers and has identified several series of distinct services that are substantially the same and have the same pattern of transfer to the customer. All the services are highly interrelated and interdependent and are integrated to provide an overall service to the customer. The Group has identified bundles of services that constitute separate performance obligations; the majority of the performance obligations identified are satisfied over time.

For performance obligations that are satisfied over time the Group measures progress towards complete satisfaction of the performance obligations equally over time. It recognises income when the relevant performance obligation has been satisfied as the customer simultaneously receives and consumes the benefits of the services. For the performance obligations for services that are delivered at a point in time, the Group satisfies the performance obligations at the point of delivery and is simultaneously entitled to the revenue.

See note 4 on income for further information on the performance obligations and timing of revenue recognition.

Contract costs

The Group has assessed if payments to employees under various reward schemes meet the new criteria for capitalising incremental costs under IFRS 15. The Group has determined that it does not currently make incremental payments to employees to secure investment management or financial planning contracts. Consequently, none of the awards made under these schemes should be capitalised and the costs of these awards continue to be expensed through staff costs.

Introducer fees which are incremental costs incurred to obtain a contract with a client are capitalised if they meet the criteria for capitalising under the standard. These costs are amortised over the useful life of the client relationships.

Practical expedients

The Group does not have any financing arrangements in any of its contracts with customers and has adopted the practical expedient not to account for significant financing arrangements in any of its contracts with customers where consideration is received for services rendered within 12 months.

(ii) IFRS 9 Financial Instruments

IFRS 9 is effective for periods commencing on or after 1 January 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses classification, measurement and derecognition of financial assets and liabilities by introducing a new principle-based approach driven by the cash flow characteristics of the asset and the business model in which it is held. It also replaces the ‘incurred loss’ approach for impairment of financial assets under IAS 39 to a more forward looking ‘expected credit loss’ model. Under IFRS 9, the general hedge accounting requirements align hedge accounting more closely with risk management practices.

Transition

The Group has taken advantage of the exemption from restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Under the exemption, differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 October 2018.

Impact

The details of the significant changes are set out below. Details of the quantitative impact of IFRS 9 are provided in note 18.

Classification and measurement

IFRS 9 requires financial assets to be classified into one of the following three measurement categories: fair value through profit or loss (‘FVTPL’), fair value through other comprehensive income (‘FVTOCI’) and amortised cost. The held to maturity, loans and receivables and available-for-sale categories available under IAS 39 have been withdrawn. Classification is made on the basis of the objectives of the entity’s business model for managing its financial assets and the contractual cash flow characteristics of the instruments.

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39 except for those designated at FVTPL. The Group has continued to classify all financial liabilities at amortised cost under IFRS 9, with no impact on measurement.

The following table shows the original measurement categories under IAS 39 and the new measurement categories and identified business models under IFRS 9 for each class of the Group’s financial assets as at 1 October 2018. The majority of the Group’s financial assets as at 1 October 2018 were managed within business models whose objective is solely to collect contractual cash flows (held to collect), except for those specified below.

Financial assets	IAS 39 classification	IFRS 9 classification	Business model
Held-for-trading investments	FVTPL	FVTPL	Held-for-trading
Equity securities	Available-for-sale investments	Designated as at FVTOCI	Other
Asset-backed debt securities	Available-for-sale investments	FVTOCI	Held to collect and sell
Current loans and receivables	Loans and receivables	Amortised cost	Held to collect
Cash and cash equivalents	Loans and receivables	Amortised cost	Held to collect

Derecognition

The requirements for derecognition of financial assets and liabilities are broadly unchanged from IAS 39.

Impairment of financial assets

IFRS 9 makes fundamental changes to the impairment of financial assets measured at amortised cost or at fair value through other comprehensive income, lease receivables and certain commitments to extend credit and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, under IFRS 9, an entity always accounts for expected credit losses (ECLs), and any changes in those ECLs. The ECL approach requires an allowance to be established upon initial recognition of an asset reflecting the level of losses anticipated after having regard to the Group’s historical credit loss experience and its expectation of future economic conditions.

Expected credit loss impairment model

The Group has applied a simplified approach to determine ECLs for trade receivables as permitted by IFRS 9. It has adopted the practical expedient to use a single loss-rate approach to determine lifetime expected credit losses since the Group has historically experienced low levels of bad debts from its trade debtors which are short term and do not contain significant financing components.

Applying the single loss-rate approach as at 1 October 2018 would have resulted in an immaterial ECL provision; consequently opening reserves have not been adjusted.

Presentation of ECL provision and impairment losses

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses for financial assets (including trade debtors) are charged to the Income Statement.

c. New standards, amendments and interpretations issued but not effective

The table below sets out changes to accounting standards which will be effective for periods beginning on or after:

		1 January
New or revised standards		
IFRS 16	Leases	2019
IFRS 17[1]	Insurance Contracts	2021
New or revised interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	2019
Amendments		
IFRS 9	Prepayment Features with Negative Compensation	2019
IAS 28[1]	Long-term Interests in Associates and Joint Ventures	2019
Annual Improvements to IFRS[1]	Annual Improvements to IFRS Standards 2015–2018 Cycle	2019
IAS 19[1]	Plan Amendment, Curtailment or Settlement	2019
Conceptual framework references[1]	Amendments to References to the Conceptual Framework in IFRS Standards	2020
IAS 1 and IAS 8 – Definition of Material[1]	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors	2020
IFRS 3 – Definition of a Business	Business Combination	2020

1. These amendments have not yet been endorsed by the EU.

The Directors are reviewing the impact of these new standards, amendments and interpretations and do not intend to adopt the standards early. It is not currently expected that these will have a material impact on the financial statements of the Group except as noted below.

The Directors have reviewed the impact of IFRS 16 Leases and an estimate of the expected impact on the consolidated financial statements of the Group is set out below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases and was endorsed by the European Union during 2017. The standard is effective for periods commencing on or after 1 January 2019 and will first be applicable to the Group's accounting period ending 30 September 2020. IFRS 16 represents a significant change in the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model.

Under the single lessee accounting model, a right of use asset and corresponding lease liability will be recognised which represents future lease payables with movements through the Income Statement. The movements through the Income Statement will be for depreciation, additions or releases on the liability and unwinding of the discount for all leases unless the underlying asset has a low value, or the remaining lease term is less than twelve months at the date of transition.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

Transition

On transition to IFRS 16, the Group can choose to apply one of two transition methods:

- the full retrospective transition method, whereby IFRS 16 is applied to all its contracts as if it had always applied; or
- the modified retrospective approach with optional practical expedients.

The Group has considered the available transition options and has decided to apply the modified retrospective approach and the practical expedient that allows an entity not to reassess whether a contract is, or contains, a lease at the date of initial application of the standard.

The Group will adopt certain optional exemptions available under IFRS 16 for short-term (less than 12 months) and low-value (< £5,000) leases. These leases will continue to be off balance sheet with rentals charged to the Income Statement on a straight-line basis over the lease term.

Impact

The Group is primarily a lessee and is also a sub-lessor for a small number of property leases that have been identified as onerous. On adoption, lease agreements will give rise to both a right of use ('ROU') asset and a lease liability which represents the present value obligation of future lease payments.

Right of use assets

The ROU asset will be assessed for impairment annually (incorporating any onerous lease assessments) and will be depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any remeasurements of the lease liability. The depreciation charge will be recognised in the Income Statement.

Lease liabilities

The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term and amended for the impact of any lease modifications. Interest recognised on the lease liability will be charged to the Income Statement.

Impact on the Group's Financial Statements

The adoption of IFRS 16 will result in a significant increase in the Group's reported assets and liabilities on the balance sheet. The depreciation (of the ROU asset) and interest charges (unwind of the discounted lease liability) will replace the lease costs currently charged to other operating costs in the Income Statement on a straight-line basis. This will result in a change to the profile of the charge recognised in the Income Statement over the life of the lease; higher expenses will be recognised in earlier years of the lease, with a reduction in the annual expenses in the later years of the lease owing to the application of the actuarial method of accounting for the lease liability.

Subleases

The Group has identified certain property leases as onerous where there is surplus office space. For some of the onerous property leases, it sublets this surplus space and in these instances the Group acts as an intermediate lessor in the sublease. The Group expects to reclassify some of its subleases previously recognised as an operating lease under IAS 17 as a finance lease per IFRS 16.

Lessor accounting

As a result of the Group being an intermediate lessor for its finance subleases, it will derecognise the right-of-use asset relating to the head lease that it transfers to the sublessees and recognise the net investment in the subleases. Any differences between the right-of-use asset and the net investment in the subleases will be recognised in the Income Statement. The Group will retain the lease liabilities relating to the head leases on its Consolidated Balance Sheet, which represents the lease payments payable to the head lessor.

For subleases which are classified as an operating lease, the Group will retain the lease liability and the right-of-use asset relating to the head lease on its Consolidated Balance Sheet and recognises lease income from the sublease.

Assessment of the accounting impact of IFRS 16

The implementation of the new standard will have a material impact on the consolidated results of the Group. All leases will be recognised on a cumulative retrospective basis using the modified transition approach. Based on the information currently available, which is subject to change until the Group presents its first full financial statements that include the date of application, the Group estimates that it will recognise right of use assets of £42.5 million, lease liabilities of £57.8 million and a finance lease receivable of £2.2 million at 1 October 2019; as well as an adjustment to the opening retained reserves of £6.6 million net of deferred tax assets, onerous provisions and trade payables and receivables adjustments.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

a. Critical judgements in applying the Group's accounting policies

i. Business combinations

The Group applies judgement in determining whether a transaction is a business combination, which includes consideration as to whether the Group has acquired a business or a group of assets. In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business in IFRS 3.

The Group has during the year acquired the following:

- On 11 March 2019, the Group's principal operating subsidiary, Brewin Dolphin Limited ('BDL'), acquired 100% of the ordinary share capital of Aylwin Limited ('Aylwin'), an unlisted company based in Hampshire which specialises in the provision of financial planning services.
- On 1 April 2019, BDL acquired 100% of the ordinary share capital of Mathieson Consulting Limited ('MC'), a consultancy business, that provides an expert witness report service covering pensions.
- On 9 August 2019, BDL acquired the assets and staff of Epoch Wealth Management LLP ('Epoch'), an IFA firm based in Bath.

It has been judged that all of the above acquisitions should be accounted for as business combinations. Separate legal entities were acquired for both Aylwin and MC, including control of processes, assets and liabilities assumed. Whilst a legal entity was not acquired for Epoch, the trade and assets purchased constituted a business rather than a group of assets.

See note 15 for additional information.

b. Key sources of estimation uncertainty

i. Business combinations

As part of any business combination the Group recognises all assets acquired and liabilities assumed at their acquisition date fair values, including any separately identifiable intangible assets such as the client relationship intangibles recognised as part of the Aylwin and Epoch acquisitions and the brand intangible asset recognised as part of the MC acquisition (as set out in note 3.a.i. above).

The value attributed to the client relationships and brand affects the amount of goodwill recognised. This value together with the assessment of useful economic lives of these intangible assets determines the future amortisation charges.

The valuation of the client relationship and brand intangible assets gives rise to estimation uncertainty. Certain assumptions regarding the amount, timing and discounting of future cash flows have been adopted in order to determine these fair values.

The Group has recognised the following separately identifiable intangible assets in relation to each of the acquisitions:

Acquisition	Intangible asset recognised	£'000
Aylwin	Client relationships arising from the business relationship with its clients	3,912
MC	Brand arising from the reputation of the business in its field	1,388
Epoch	Client relationships arising from the business relationship with its clients	18,792

See notes 10 and 15 for further information.

An increase of 10% in the expected cash flows, applied equally over the cash flows in each period would increase intangible assets recognised by £7,680,000 approximately, whereas a decrease of 10% in the expected cash flows would reduce the intangible assets by £7,100,000 approximately. An increase or decrease of 10% in the discount rate would increase or decrease intangible assets by approximately £3,000,000, respectively.

ii. Amortisation of client relationships

The useful economic life over which client relationships are amortised is determined by the expected duration of the client relationships which are determined with reference to past experience of account closures, in particular the average life of those relationships, and future expectations. During the year, client relationships were amortised over periods ranging from 5 to 15 years.

The amortisation for the year was £6,858,000 (2018: £7,619,000). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £1,218,000 (2018: £1,583,000).

iii. Defined benefit pension scheme

The calculation of the present value of the defined benefit pension scheme is determined by using actuarial valuations. Management makes key assumptions in determining the inputs into the actuarial valuations, which may differ from actual experience in the future. These assumptions are governed by IAS 19 Employee Benefits, and include the determination of the discount rate, life expectancies, inflation rates and future salary increases. Due to the complexities in the valuation, the defined benefit pension scheme obligation is highly sensitive to changes in these assumptions. The detailed assumptions, including a sensitivity analysis, are set out in note 17 to the 2019 Annual Report and Accounts.

The defined benefit pension scheme has a surplus of £17,373,000 (2018: £11,408,000). See note 17 'Defined benefit pension scheme asset recognition basis' to the 2019 Annual Report and Accounts for further detail.

iv. Share-based payments

Long Term Incentive Plan ('LTIP')

Awards are granted under the LTIP. The scheme includes performance-based vesting conditions, which impact the amount of benefit paid, such as:

- Average annual net inflows in discretionary funds; and
- Growth in adjusted diluted EPS over the performance period.

Assumptions are made on the likelihood of meeting certain average and stretch targets over the remaining service periods in determining the expense in the year. The directors consider that the LTIP is qualitatively material. The charge for the year was £415,000 (2018: £1,830,000).

If all of the performance conditions were assumed to be met, the charge for the year would increase by £1,576,000 (2018: £519,000); an increase of 10% in the vesting assumptions would increase the charge for the year by £248,000 (2018: £295,000).

Further information on the scheme is disclosed in note 28 to the 2019 Annual Report and Accounts.

v. Provisions

Onerous leases

The Group recognises a provision for several onerous property leases of £4,840,000 (2018: £4,664,000). The valuation of an onerous lease is based on the best estimate of the likely future costs discounted to present value. Where the provision is in relation to premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation. The ultimate amount of the provision is dependent on the timing of any sublet and the associated terms of the sublet achieved.

If the assumptions regarding unconfirmed sublet income are removed, the provision would increase by £4,587,000 (2018: £3,917,000) to £9,427,000 (2018: £8,581,000). A delay of one year to the assumed sublets would increase the onerous lease provision and Income Statement expense for the year by £1,531,000 (2018: £1,259,000). Further information is disclosed in note 13.

4. Income

Group

The following table presents revenue disaggregated by service and timing of revenue recognition:

	2019 £'000	2018 £'000
Discretionary investment management fee income	**231,711**	223,697
Discretionary investment management commission income	**62,569**	59,725
Execution only fee income	**4,105**	4,352
Execution only commission income[1]	**6,185**	6,301
Advisory investment management fee income	**2,093**	4,752
Advisory investment management commission income[1]	**378**	1,776
BPS[2] investment management fee income	**1,186**	1,101
Expert witness report service[1]	**528**	–
Financial planning income	**27,546**	24,522
Revenue	**336,301**	326,226
Other operating income	**2,808**	2,801
Income	**339,109**	329,027

1. Services transferred at a point in time.
2. Brewin Portfolio Service.

	2019 £'000	2018 £'000
Services transferred at a point in time	**7,091**	8,077
Services transferred over time	**329,210**	318,149
	336,301	326,226

Contract balances

The Group does not have contract assets as it does not enter into contracts where revenue is conditional on the fulfilment of a contingent event.

Contract liabilities

Contract liabilities relate to the advance consideration received from customers for services still to be delivered. The Group derecognises contract liabilities (and recognises revenue) when it transfers services and satisfies its performance obligations (see note 21 to the 2019 Annual Report and Accounts).

Unsatisfied performance obligations

The Group does not have material unsatisfied (or partially unsatisfied) performance obligations at the reporting date, as the majority of the Group's performance obligations are satisfied equally over time.

5. Segmental information

Group

For management reporting purposes the Group currently has a single operating segment: the Wealth Management division. This forms the reportable segment of the Group for the year. Please refer to the Consolidated Income Statement and the Consolidated Balance Sheet for numerical information.

The Group's operations are carried out in the United Kingdom, Channel Islands and the Republic of Ireland. The operations in the Channel Islands and the Republic of Ireland are not material and accordingly geographical segmental disclosures are not included. All segmental income related to external clients. The accounting policies of the operating segment are the same as those of the Group.

6. Finance income and finance costs

Group

	2019 £'000	2018 £'000
Finance income		
Interest income on defined benefit pension scheme	**294**	156
Interest on bank deposits	**1,414**	747
	1,708	903
Finance costs		
Unwind of discounts on provisions (see note 13)	**130**	102
Unwind of discounts on shares to be issued	**10**	–
Interest on bank overdrafts	**6**	15
	146	117

7. Income tax expense

Group

	2019 £'000	2018 £'000
Current tax		
United Kingdom:		
Charge for the year	**13,133**	13,074
Adjustments in respect of prior years	**(151)**	211
Overseas:		
Charge for the year	**275**	260
Adjustments in respect of prior years	**1**	–
Total current tax	**13,258**	13,545
Deferred tax		
United Kingdom:		
Charge for the year	**1,279**	1,743
Adjustments in respect of prior years	**(80)**	(280)
Total deferred tax (see note 11)	**1,199**	1,463
Tax charged to the Income Statement	**14,457**	15,008

United Kingdom corporation tax is calculated at 19.0% (2019: 19.0%) of the estimated taxable profit for the year. The Finance Act 2015 applied a 20% rate up to 31 March 2018 and Finance (No.2) Act 2015 reduced the rate applicable thereafter to 19%. The Finance Act 2016 reduces the rate still further from 1 April 2020 to 17%.

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

The charge for the year can be reconciled to the profit per the Income Statement as follows:

	2019 £'000	2018 £'000
Profit before tax	**62,524**	68,504
Tax at the UK corporation tax rate of 19% (2018: 19%)	**11,880**	13,016
Tax effect of:		
Expenses that are not deductible in determining taxable profit	**2,687**	1,776
Leasehold property	**46**	170
Share-based payments	**285**	222
Over provision for tax in previous years	**(230)**	(69)
Lower taxation rates in subsidiaries	**(147)**	(141)
Impact of deferred tax rate change	**(64)**	34
Tax expense for the year	**14,457**	15,008
Effective tax rate for the year	**23.1%**	21.9%

Expenses that are not deductible in determining taxable profit include amortisation of client relationships and brand, acquisition costs, hospitality costs and professional fees that are capital in nature.

There are no material uncertainties within the calculation of corporation tax. The tax provisions are based on tax legislations in the relevant jurisdictions and have not required any judgements or material estimates.

8. Dividends

Group and Company

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity shareholders in the year:		
2017/18 Final dividend paid 6 February 2019, 12.00p per share (2018: 10.75p per share)	**33,009**	29,516
2018/19 Interim dividend paid 14 June 2019, 4.4p per share (2018: 4.4p per share)	**12,977**	12,083
	45,986	41,599
Proposed final dividend for the year ended 30 September 2019 of 12.0p (2018: 12.0p) per share based on shares in issue at 22 November 2019 (2018: 22 November 2018)	**35,417**	32,998

The proposed final dividend for the year ended 30 September 2019 of 12.0p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under an arrangement dated 1 April 2011, Computershare Trustees (Jersey) Limited (the 'Trustee'), holds 8,047,595 Ordinary Shares representing 2.7% of the Company's called up share capital in relation to employee share plans, has agreed to waive all dividends due to the Trustee.

9 Earnings per share

Group

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

	2019 '000	2018 '000
Number of shares		
Basic		
Weighted average number of shares in issue in the year	**282,718**	274,484
Diluted		
Effect of weighted average number of options outstanding for the year	**6,630**	8,262
Diluted weighted average number of options and shares for the year	**289,348**	282,746
Adjusted[1] diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**3,344**	2,186
Effect of estimated weighted average number of shares to be earned under contingent consideration arrangements	**–**	–
Adjusted[1] diluted weighted average number of options and shares for the year	**292,692**	284,932

	2019 £'000	2018 £'000
Earnings attributable to ordinary shareholders		
Profit for the purpose of diluted earnings per share	**48,067**	53,496
Finance costs of deferred consideration[2]	**10**	–
less tax	**(2)**	–
Profit for the purpose of basic earnings per share	**48,075**	53,496
Onerous contracts	**996**	170
Amortisation of intangible assets - client relationships and brand	**6,858**	7,619
Defined benefit pension scheme past service costs	**1,909**	–
Acquisition costs	**2,337**	–
Incentivisation awards	**340**	1,318
FSCS levy refund	**–**	(288)
Other gains and losses	**(1)**	162
less tax effect of above	**(510)**	(683)
Adjusted profit for the purpose of basic earnings per share	**60,004**	61,794
Finance costs of deferred consideration[2]	**(10)**	–
less tax	**2**	–
Adjusted profit for the purpose of diluted earnings per share	**59,996**	61,794

	2019	2018
Earnings per share		
Basic	**17.0p**	19.5p
Diluted	**16.6p**	18.9p
Adjusted[3] earnings per share		
Basic	**21.2p**	22.5p
Adjusted[1] diluted	**20.5p**	21.7p

1. The dilutive shares used for this measure differ from that used for statutory dilutive earnings per share; the future value of service costs attributable to employee share options is ignored and contingently issuable shares for Long Term Incentive Plan ('LTIP') options are assumed to fully vest. The Directors have selected this measure as it represents the underlying effective dilution by offsetting the impact to the calculation of basic shares of the purchase of shares by the Employee Share Ownership Trust ('ESOT') to satisfy options.
2. Finance costs of deferred or contingent consideration are added back where the issues of shares is more dilutive than the interest cost saved.
3. Excluding onerous contracts costs, amortisation of client relationships and brand, acquisition costs, incentivisation awards, FSCS levy refund, defined benefit pension scheme past service costs and other gains and losses.

10. Intangible assets

Group

	Goodwill £'000	Client relationships £'000	Brand £'000	Software costs £'000	Total £'000
Cost					
At 30 September 2017	48,637	133,613	–	19,085	201,335
Additions	–	325	–	1,076	1,401
Exchange differences	–	3	–	–	3
Disposals	–	–	–	(968)	(968)
At 30 September 2018	48,637	133,941	–	19,193	201,771
Additions	4,096	22,716	1,388	11,290	39,490
Exchange differences	–	(1)	–	–	(1)
At 30 September 2019	**52,733**	**156,656**	**1,388**	**30,483**	**241,260**
Accumulated amortisation and impairment losses					
At 30 September 2017	–	91,757	–	13,787	105,544
Amortisation charge for the year	–	7,619	–	3,855	11,474
Exchange differences	–	2	–	–	2
Disposals	–	–	–	(968)	(968)
At 30 September 2018	–	99,378	–	16,674	116,052
Amortisation charge for the year	–	6,789	69	1,105	7,963
Exchange differences	–	(1)	–	–	(1)
At 30 September 2019	**–**	**106,166**	**69**	**17,779**	**124,014**
Net book value					
At 30 September 2019	**52,733**	**50,490**	**1,319**	**12,704**	**117,246**
At 30 September 2018	48,637	34,563	–	2,519	85,719
At 30 September 2017	48,637	41,856	–	5,298	95,791

Client relationship additions are made up as follows:

	2019 £'000	2018 £'000
Cash paid for client relationships acquired in current year	**11,944**	121
Cash paid for client relationships acquired in prior years	**11**	–
Deferred and contingent consideration in the form of cash for client relationships acquired in the current year	**7,103**	208
Contingent consideration in the form of shares to be issued[1] for client relationships acquired in the current year	**3,658**	–
Adjustment client relationships acquired in prior years	**–**	(4)
Total additions	**22,716**	325

1. Being the fair value of shares to be issued excluding the unwinding of discounting applied in the period, with this recognised as Finance Costs in the Income Statement, see note 6.

The following table splits out the significant client relationship assets:

	£'000
Carrying amount at year end	
Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited)[1]	11,027
South East investment management team[2]	16,807
Bath branch[3]	18,525
Other investment management teams[4]	4,131
	50,490

1. Amortisation period remaining 6 years 10 months.
2. Amortisation period remaining 4 years 7 months.
3. Amortisation period remaining 9 years 10 months.
4. None of the constituent parts of the goodwill or client relationships relating to the other investment management teams is individually significant in comparison to the total value of goodwill or client relationships respectively.

Goodwill impairment testing

The table below shows the goodwill allocated to groups of cash-generating units ('CGUs'):

	Groups of CGUs No.	Goodwill £'000
Carrying amount at year end		
Midland Branch 1	1	5,149
Midland Branch 2	1	5,284
Northern Branch 1	1	6,432
South East Branch 1	1	12,800
Other Branches	17	23,068
	21	**52,733**

In accordance with IFRS, the Group performs impairment testing for goodwill on an annual basis or more frequently when there are indications of impairment. Client relationships and brand intangible assets are reviewed for indicators of impairment at each reporting date. See note 3r to the 2019 Annual Report and Accounts for further details.

The recoverable amount for each of the CGUs is the fair value less costs of disposal. The fair value is determined by applying percentages to the funds for each CGU. The percentages applied are a Level 2 input based on recent observable market transactions. Discretionary funds are valued at 3% and advisory funds are valued at 1%.

Sensitivity analysis of the key assumptions

All of the CGUs within the Group have sufficient headroom (i.e. where the recoverable amount of the CGU is in excess of the carrying value), such that they are insensitive to all reasonable possible changes to the value of funds used for the purpose of goodwill impairment testing.

11. Net deferred tax liability

In addition to the amount debited to the Income Statement, deferred tax relating to the actuarial gain in the defined benefit pension scheme amounting to £945,000 has been debited to other comprehensive income (2018: £577,000 debited to other comprehensive income relating to the actuarial gain). Deferred tax on share-based payments of £600,000 has been debited to profit and loss reserves (2018: £541,000 debited to profit and loss reserves).

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting year:

Group

	Capital allowances £'000	Revaluation £'000	Other short-term timing differences £'000	Defined pension benefit scheme £'000	Share-based payments £'000	Incentivisation awards £'000	Intangible asset amortisation £'000	Total £'000
At 30 September 2017	1,569	20	901	(763)	6,153	–	(1,137)	6,743
(Charge)/credit in the year to the Income Statement	(301)	–	26	(599)	(996)	95	312	(1,463)
Charge in the year to the Statement of Comprehensive Income	–	(21)	–	(577)	–	–	–	(598)
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(541)	–	–	(541)
At 30 September 2018	1,268	(1)	927	(1,939)	4,616	95	(825)	4,141
Additions	–	–	–	–	–	–	(4,096)	(4,096)
Charge in the year to the Income Statement	(304)	–	(99)	(69)	(313)	(64)	(350)	(1,199)
Charge in the year to the Statement of Comprehensive Income	–	–	–	(945)	–	–	–	(945)
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(600)	–	–	(600)
At 30 September 2019	**964**	**(1)**	**828**	**(2,953)**	**3,703**	**31**	**(5,271)**	**(2,699)**

Deferred income taxes are calculated using substantially enacted rates of UK corporate tax expected to be in force at the time assets are realised as follows:

Between 1 April 2018 and 31 March 2020	19%
After 1 April 2020	17%

12. Financial instruments

Group

Financial assets at fair value through profit and loss ('FVTPL')[1]

Level 1

	2019 £'000	2018 £'000
Listed investments	**373**	356
Financial assets at FVTPL	**373**	356

1. See note 18 for previous classification under IAS 39.

The fair value of financial assets at FVTPL is determined directly by reference to published prices in an active market where available. They are held in an unregulated subsidiary, Brewin Dolphin MP, whose sole objective is to provide seed capital to the model portfolios managed under an investment mandate by Brewin Dolphin Limited. See note 16 for details of financial instruments risk management.

Financial assets at fair value through other comprehensive income ('FVTOCI')[1]

Level 3

	Unlisted investments £'000
At 30 September 2017	736
Impairment	(162)
Net gain from changes in fair value recognised in equity	2
Reversal of accumulated fair value losses recognised in equity on impairment	106
Disposals	(6)
At 30 September 2018	676
Net gain from changes in fair value recognised in equity	1
Disposals	(598)
At 30 September 2019	**79**

	2019 £'000	2018 £'000
Equity	**79**	90
Asset-backed security	**–**	586
Financial assets at FVTOCI	**79**	676

1. See note 18 for previous classification under IAS 39.

13. Provisions

Group

	At 30 September 2018 £'000	Additions £'000	Utilisation of provision £'000	Unwinding of discount £'000	Unused amounts reversed £'000	**At 30 September 2019 £'000**
Sundry claims and associated costs	746	138	(503)	–	(43)	**338**
Onerous contracts	4,664	1,071	(868)	48	(75)	**4,840**
Social security and levies on share awards	3,455	1,034	(1,364)	–	(104)	**3,021**
Incentivisation awards	496	340	–	18	–	**854**
Deferred and/or contingent consideration	210	7,766	(118)	30	–	**7,888**
Leasehold dilapidations	2,087	330	(33)	34	(76)	**2,342**
	11,658	10,679	(2,886)	130	(298)	**19,283**

	Current liability £'000	Non-current liability £'000	Total £'000
Sundry claims and associated costs	338	–	338
Onerous contracts	613	4,227	4,840
Social security and levies on share awards	1,326	1,696	3,022
Incentivisation awards	533	320	853
Deferred and/or contingent consideration	1,403	6,485	7,888
Leasehold dilapidations	137	2,205	2,342
At 30 September 2019	**4,350**	**14,933**	**19,283**

The Group recognises provisions for the following:

Sundry claims and associated costs

The timing of the settlements is unknown, but it is expected that they will be resolved within 12 months.

Onerous contracts

The provision is in respect of surplus office space. The valuation of an onerous contract is based on the best estimate of the likely costs discounted to present value. Where the provision is in relation to leasehold obligations on premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation.

The maximum exposure is approximately £9.9 million as at 30 September 2019 (2018: £9.8 million) and represents the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts if the assumption regarding future uncommitted sublets is removed and the time value of money is ignored. The longest lease term has 13.5 years remaining and accounts for £7.0 million of the maximum exposure.

Social security and levies on share awards

The provision is in respect of Employer's National Insurance and Apprenticeship Levy on share awards outstanding at the end of the year. The provision is based on the Group's share price, the amount of time passed and likelihood of the share awards vesting and represents the best estimate of the expected future cost.

Incentivisation awards

The provision is in respect of incentivisation awards that are payable to employees in relation to the retention and acquisition of funds and is based on the best estimate of the likely future obligation discounted for the time value of money.

Deferred and/or contingent consideration

The provision is for deferred and/or contingent consideration relating to the acquisition of both subsidiaries and asset purchases. It is based on the best estimate of the likely future obligation discounted for the time value of money.

Leasehold dilapidations

The provision is in respect of the expected dilapidated costs that will arise at the end of the lease. The leases covered by the provision have a maximum remaining term of 13.5 years.

See note 3b.v. for key sources of estimation uncertainty impacting the provisions.

14. Share capital

Company

	2019 No.	2018 No.	**2019 £'000**	2018 £'000
Authorised:				
Ordinary shares of 1p each	**500,000,000**	500,000,000	**5,000**	5,000
Allotted, issued and fully paid: Ordinary shares of 1p each	**303,171,134**	283,440,000	**3,032**	2,834

During the year the following shares were issued:

	Date	No. of shares	Exercise price/Issue price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 1 October 2018		283,440,000		2,834	152,477	155,311
Share premium reduction	28 February 2019			–	(152,515)	(152,515)
Placing	10 May 2019	19,672,131	305.0p	196	59,804	60,000
Cost of issue of shares	Various			–	(1,623)	(1,623)
Issue of options	Various	59,003	131.3p – 165.7p	2	95	97
At 30 September 2019		**303,171,134**		**3,032**	**58,238**	**61,270**

A capital reduction was approved by shareholders at the Annual General Meeting held on 1 February 2019 and became effective on 28 February 2019 after the High Court of Justice in England and Wales made an order confirming the cancellation of the amount standing to the credit of the Company's share premium account under section 648 of the Companies Act 2006. The balance from the share premium account was transferred to the profit and loss account.

15. Business combinations

a. Aylwin Limited

On 11 March 2019, the Group's principal operating subsidiary, Brewin Dolphin Limited, acquired 100% of the ordinary share capital of Aylwin Limited ('Aylwin'), an unlisted company based in Surrey which specialises in the provision of financial planning services.

Aylwin was acquired to expand the Group's financial planning activities in Southern England and contribute to the delivery of the Group's strategic objectives. In turn, Aylwin's clients will benefit from access to Brewin Dolphin's broader product and service offering.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	1,944
Net assets acquired for cash	428
Deferred consideration (see ii below)	1,968
Total purchase consideration	4,340

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

Amounts recognised:

	£'000
Non-current assets	
Intangible asset - client relationships[1]	3,912
Current assets	
Trade and other receivables	133
Cash and cash equivalents	511
Current liabilities	
Trade and other payables	(216)
Non-current liabilities	(665)
Identifiable net assets acquired	3,675
Goodwill	665

1. The fair value of Aylwin's client relationship intangible assets has been measured using a multi-period excess earnings method. The model uses estimates of client longevity and the level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the client relationships acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	2,372
Less: net assets acquired for cash	(428)
Total net cash outflow[1]	1,944

1. Shown in the line item 'Acquisition of subsidiaries' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs amounting to £73,800 have been recognised as an expense in the Income Statement in the current year.

ii. Deferred consideration

The deferred consideration comprises two cash payments of £1 million each, due on the first and second completion anniversaries. The fair value of the deferred consideration payments has been estimated to be £1,944,000 after calculating the present value of the future cash flows.

iii. Revenue and profit contribution

Aylwin contributed revenues of £645,000 and profit after tax of £130,000 to the Group for the period from 12 March 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £1,257,000 and £265,000 higher respectively.

b. Mathieson Consulting Limited ('MC')

On 1 April 2019, Brewin Dolphin Limited acquired 100% of the ordinary share capital of MC, a consultancy business, that provides an expert witness report service covering pensions. MC was acquired to expand the Group's professional service offering and contribute to the delivery of the Group's strategic objectives.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	736
Net assets acquired for cash	413
Deferred consideration (see ii below)	652

Total purchase consideration	1,801

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

	£'000
Non-current assets	
Property, plant and equipment	12
Intangible asset - brand[1]	1,388
Current assets	
Trade and other receivables	192
Cash and cash equivalents	362
Current liabilities	
Trade and other payables	(153)
Non-current liabilities	(236)
Identifiable net assets acquired	1,565
Goodwill	236

1. The fair value of MC's brand intangible asset has been measured using a multi-period excess earnings method. The model uses the expected level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the brand acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	1,149
Less: net assets acquired for cash	(413)
Total net cash outflow[1]	736

1. Shown in the line item 'Acquisition of subsidiaries' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs amounting to £68,300 have been recognised as an expense in the Income Statement in the current year.

ii. Deferred consideration

The deferred consideration comprises three payments, on each of the first three completion anniversaries. The fair value of the payments has been estimated to be £652,000 after calculating the present value of the future cash flows.

iii. Revenue and profit contribution

MC contributed revenues of £528,000 and profit after tax of £57,000 to the Group for the period from 1 April 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £1,031,000 and £120,000 higher respectively.

c. Epoch

On 9 August 2019, Brewin Dolphin Limited acquired the assets and staff of Epoch Wealth Management LLP, an IFA firm based in Bath, for an initial payment of £10.0 million, an estimated deferred consideration of £1.5 million and an estimated contingent consideration of £7.75 million which is subject to performance conditions. The acquisition is expected to increase the Group's market share.

The acquisition has been accounted for using the acquisition method. Details of the purchase consideration, the fair value of the net assets and intangible assets acquired, and the net cash outflow arising on acquisition are as follows:

Purchase consideration:

	£'000
Cash paid	10,000
Contingent consideration (see ii below)	8,792
Total purchase consideration	18,792

The fair value of the assets and liabilities recognised as a result of the acquisition are provisional and may be subject to change during the measurement period:

	£'000
Non-current assets	
Intangible asset - client relationships[1]	18,792
Non-current liabilities	(3,195)
Identifiable net assets acquired	15,597
Goodwill	3,195

1. The fair value of Epoch's client relationship intangible assets has been measured using a multi-period excess earnings method. The model uses estimates of client longevity and the level of activity driving commission income to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of the client relationships acquired.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	10,000
Total net cash outflow[1]	10,000

1. Shown in the line item 'Purchase of intangible assets – client relationships' within the Consolidated Cash Flow Statement.

i. Acquisition-related costs

Acquisition-related costs of £461,000 have been recognised as an expense in the Income Statement in the current year.

ii. Contingent consideration

The contingent consideration comprises three separate payments. The estimated first contingent consideration comprises a single cash payment due 18 months following the acquisition date. The fair value of the payment has been estimated to be £1,476,000 after calculating the present value of the future cash flows. The estimated second contingent consideration has been fair valued at £7,316,000 and will be settled in both cash and the Company's shares, upon satisfaction of the performance conditions. This contingent consideration is payable at the end of the twelve-month performance period to 30 September 2022; the measurement of performance can be delayed under certain circumstances by the seller. A third contingent consideration will be settled in both cash and the Company's shares at the end of 30 September 2024 if performance conditions are met. As at 30 September 2019, it is not expected that this contingent consideration will be payable, therefore it has been estimated as £nil.

iii. Acquired tangible assets and other assets

The fair value of the acquired Property, Plant and Equipment and other assets is £nil.

iv. Revenue and net profit

The acquired business contributed revenues of £618,000 and profit after tax of £130,000 to the Group for the period from 9 August 2019 to 30 September 2019. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the year to 30 September 2019 would have been £4,339,000 and £467,000 higher respectively.

d. Investec Capital & Investments (Ireland) Limited

The acquisition completed on 31 October 2019, see note 19 for further details. Acquisition-related costs of £1,734,000 are included in the Income Statement in the current year.

2018

Group

There were no business combinations during 2018.

16. Risk management

Overview

This note presents information about the Group's exposure to each of the financial instrument key risks (market risk, credit risk and liquidity risk), the Group's policy and procedures for measuring and managing risk and the Group's management of capital.

Risk management

The Board of Directors has overall responsibility for establishing and overseeing the Group's Risk Management Framework and risk appetite.

The Board has established a clear relationship between the Group's strategic objectives and its willingness to take risk through a Risk Appetite Statement. The Risk Appetite Statement is an expression of limits (qualitative and/or quantitative) giving clear guidance on the nature and quantum of risk that the Board wishes the Group to bear (its 'risk appetite') in order to achieve its strategic objectives whilst remaining within all regulatory constraints and its own defined levels of capital and liquidity. The Board reviews the statement and related qualitative and quantitative measures on at least an annual basis to ensure the document continues to reflect the Board's appetite for risk within the context of the environment in which the Group operates.

The Group's Risk Committee provides oversight of the adequacy of the Group's Risk Management Framework based on the risks to which the Group is exposed. It monitors how management complies with the Group's risk management policies and procedures. It is assisted in the discharge of this duty by the Group's Risk & Compliance Department which has responsibility for monitoring the overall risk environment of the Group. The Risk Committee also regularly monitors exposure against the Group's Risk Appetite.

The Group's Audit Committee is responsible for overseeing the financial statements and working closely with the Risk Committee, for both review and oversight of internal controls. The Audit Committee is assisted in the discharge of its obligations by Internal Audit who undertake periodic and ad-hoc reviews on the effectiveness of controls and compliance with risk management policies.

The Group's risk management policies are intended to ensure that risks are identified, evaluated and subject to ongoing monitoring and mitigation (where appropriate). The risk management policies also serve to set the appropriate control framework. The aim is to promote a robust risk culture with employees across the Group understanding their role and obligations under the framework.

Capital structure and capital management

The capital structure of the Group and Company consists of issued share capital, reserves and retained earnings as disclosed in the Consolidated and Company Statement of Changes in Equity.

Capital generated from the business is both reinvested in the business to generate future growth and returned to shareholders, principally in the form of dividends. Capital adequacy is given a high level of focus to ensure not only that regulatory capital requirements are met, but that the Group is sufficiently capitalised against the risks to which it is currently exposed, as well as to withstand a range of potential stress events.

There were no changes in the Group's approach to capital management during the year.

Regulatory capital requirements

The Group conducts an Internal Capital Adequacy Assessment Process ('ICAAP'), as required by the Financial Conduct Authority ('FCA') to assess the appropriate amount of regulatory capital to be held by the Group. There are two active regulated entities in the Group: Brewin Dolphin Limited ('BDL') regulated by the FCA and Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited) regulated by the Central Bank of Ireland. The Jersey branch of BDL is regulated by the Jersey Financial Services Commission.

The Pillar II capital assessment of the ICAAP is the Board of Directors' opinion of the level of capital the Group should hold against the risks to which the Group is exposed. The ICAAP is kept updated throughout the year to take account of changes to the profile of the risks facing the Group and for any material changes to strategy or business plans. The ICAAP is discussed and approved at a Brewin Dolphin Holdings PLC Board meeting at least annually.

Regulatory capital adequacy is monitored by management. The Group uses the standardised approach to credit risk to calculate Pillar I requirements. The Group complied with the FCA's regulatory capital requirements throughout the year.

The regulatory capital resources of the Group were as follows:

	2019 £'000	2018 £'000
Share capital	**3,032**	2,834
Share premium account	**58,238**	152,477
Own shares	**(25,214)**	(26,060)
Hedging reserve	**(24)**	–
Revaluation reserve	**3**	2
Merger reserve	**70,553**	70,553
Profit and loss account	**231,115**	73,931
	337,703	273,737
Shares to be issued	**3,668**	-
Regulatory capital resources before deductions	**341,371**	273,737
Deduction - Intangible assets (net of deferred tax liability)	**(111,042)**	(83,476)
Deduction - Defined benefit pension scheme asset (net of deferred tax liability)	**(14,420)**	(9,469)
Deduction - Free deliveries	**(11)**	(14)
Total regulatory capital resources after deductions at 30 September	**215,898**	180,778

Information disclosure under Pillar 3 of the Capital Requirements Directive will be published on the Group's website before 31 December 2019 at www.brewin.co.uk.

Significant accounting policies

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed in note 21 - 3t.

Categories of financial instruments

Group

	Carrying value	
	2019 £'000	2018 £'000
Financial assets		
Financial assets at FVTOCI[1]	**79**	676
Financial assets at FVTPL[1]	**373**	356
Current loans and receivables	**206,494**	162,656
Cash and cash equivalents	**229,199**	186,222
At 30 September	**436,145**	349,910
Financial liabilities		
Shares to be issued including premium	**3,668**	–
Financial liabilities at FVTPL - deferred and contingent consideration	**7,888**	–
Amortised cost	**202,924**	156,364
At 30 September	**214,480**	156,364

1. See note 18 for previous classification under IAS 39.

Company

	Carrying value	
	2019 £'000	2018 £'000
Financial assets		
Current loans and receivables	**38,967**	72,679
Cash and cash equivalents	**47,000**	1,445
At 30 September	**85,967**	74,124
Financial liabilities		
Shares to be issued including premium	**3,668**	–
Amortised cost	**7,346**	7,334
At 30 September	**11,014**	7,334

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to both control and manage exposure within the Group's risk appetite whilst accepting the inherent risk of market fluctuations.

The Group undertakes trades on an agency basis on behalf of its clients. The Group holds financial instruments as principal but does not trade as principal. All trades are matched in the market (see note 16 to the 2019 Annual Report and Accounts).

The Group transacts foreign currency deals in order to fulfil our client obligations and any non-sterling costs to our business. Foreign currency exposure is matched intra-day and at the end of each day.

The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year end was a debtor of £804,000 (2018: £687,000).

The Group is exposed to translation risk in respect of the foreign currency value of the net assets of Brewin Dolphin Wealth Management Limited ('BDWM') (formerly known as Tilman Brewin Dolphin Limited). At the year end BDWM had net assets of £5.1 million (2018: £4.7 million) denominated in its local currency (Euros).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year with the exception of the cash flow hedge detailed below.

Cash flow hedge

During the year, the Group undertook a short term cash flow hedge for €52.0 million (see below) to mitigate foreign exchange risk, ahead of the completion of an acquisition (see note 19). This was the only derivative held during the year (2018: none).

Timing profile of the nominal amount of the hedging instruments

i. Hedging instruments

The following table shows the maturity and foreign exchange risk profile of the Group's hedging instrument used in its cash flow hedge during the year:

	Maturity date	Up to 6 months £'000	Total £'000
Foreign exchange price risk			
Forward contract	27 September 2019	46,005	46,005

ii. Average price or rate of the hedging instruments

	Average price or strike price
Foreign exchange price risk	
Forward contract	1.12972

Hedge effectiveness

The following table shows the hedging gains or losses of the reporting period that were recognised in other comprehensive income:

	Hedging loss recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in the statement of comprehensive income that includes hedge ineffectiveness £'000	Amount reclassified to P&L because hedged future cash flows are no longer expected to occur £'000	Amount reclassified to P&L because hedged item has affected P&L £'000	Line item that includes the reclassification adjustments £'000	Hedging gain or loss recognised in separate line item for hedges of net position £'000
Foreign exchange price risk							
Forward contract	(24)	-	n/a	n/a	n/a	n/a	(24)

Reconciliation of hedging reserve

The table below shows the impact of the hedging activity on the cash flow hedging reserve:

	Hedging reserve £'000
At 30 September 2018	–
Hedging loss	(24)
At 30 September 2019	(24)

Equity price risk

The Group is exposed to equity price risk arising from both FVTOCI and FVTPL investments (see note 12).

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Pre-tax profit for the year ended 30 September 2019 would have been £18,650 higher/lower (2018: £17,750 higher/lower) due to changes in the fair value of financial assets at fair value through profit or loss; and
- Other equity reserves as at 30 September 2019 would increase/decrease by £3,900 (2018: increase/decrease by £4,500) pre-tax for the Group as a result of the changes in fair value of financial assets through other comprehensive income.

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

Interest rate risk

The Group is exposed to interest rate risk in respect of the Group's cash and in respect of client deposits. The Group holds client and firm deposits on demand and in either 30 and 95 day notice accounts and 32 and 35 day notice accounts (variable interest rates), respectively. Client deposits are fully segregated from the Group's deposits and held in separate accounts. During the year a 1% increase in base rate would have increased pre-tax profit by £1,159,000 (2018: £1,040,000).

Credit risk

Credit risk refers to the risk that a client or other counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from the settlement of client and market transactions ('settlement risk') and cash deposited at banks.

The Company has credit risk resulting from intercompany balances held with its subsidiaries; these are reviewed for impairment at each reporting date.

Settlement risk

Exposures to settlement risk are spread across a large number of counterparties and clients. A delivery versus payment ('DVP') settlement method is also used for the majority of transactions, ensuring that securities and cash are exchanged within a short period of time. Consequently, no residual maturity analysis is presented. The Group also holds collateral in the form of cash, as well as equity and bonds which are quoted on recognised exchanges. This collateral is held, principally, in Group nominee accounts.

Concentration of credit risk

The Group has no significant concentration of credit risk with the exception of cash where the majority is spread across four major banking groups.

Maximum exposure

The maximum exposure to credit risk at the end of the reporting year is equal to the Balance Sheet figure.

Credit exposure

Credit exposure in relation to settlement risk is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current year of £16,403 (2018: £16,633).

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the year end was £179,000 (2018: £209,000). Collateral valued at fair value by the Group in relation to these impaired assets was £136,000 (2018: £180,000). This collateral is stock held in the clients' account which per our client terms and conditions can be sold to meet any unpaid liabilities falling due. The net difference has been provided as an allowance for credit impaired assets (see note 16 to the 2019 Annual Report and Accounts). Note 16 to the 2019 Annual Report and Accounts details amounts past due but not impaired.

Non-impaired assets

Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds and equity trades quoted on a recognised exchange, which are matched in the market, and are either traded on a DVP basis or against a client's portfolio in respect of which any one trade would normally be a small percentage of the client's collateral held by the Group's nominees. At the year end no financial assets that would otherwise be past due or impaired had been renegotiated (2018: none).

Loans to employees are repayable over a maximum of 3 years (see note 16 to the 2019 Annual Report and Accounts).

The credit risk on liquid funds, cash and cash equivalents is limited as deposits are diversified across a panel of major banks. This ensures that the Group is not excessively exposed to an individual counterparty. The Group's policy requires cash deposits to be placed with banks with a minimum short-term credit rating of A-2 (S&P) / P-2 (Moody's) / F-2 (Fitch), excluding Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited). Requirements and limits are reviewed on a regular basis. The Group's allocation of cash and cash equivalents to S&P rating grades has been outlined in the below table:

	A-1+	A-1	A-2	Below A-2
Cash and cash equivalents	0.3%	97.3%	2.4%	0.0%

The Group maintains a set of Credit Risk policies which are regularly reviewed by the Board. A due diligence review is also performed on all counterparties on an annual basis, at a minimum. The investment of cash is managed by the Treasury Team.

There has been no material change to the Group's exposure to credit risk during the year.

Liquidity risk

Liquidity risk refers to the risk that the Group will be unable to meet its financial obligations as they fall due. The Group maintains adequate cash resources to meet its financial obligations at all times. When investing cash belonging to the Group or its clients, the focus is on security of principal and the maintenance of liquidity. Client money is held in segregated client bank accounts with strict limits on deposit tenors, in accordance within regulatory guidelines designed to minimise liquidity risk.

The Group has a Liquidity Policy which is reviewed by the Board regularly. The Group's intention, at all times is to operate with an amount of liquid resources which provides significant headroom above that required to meet its obligations. Group cash resources are monitored on a daily basis through position reports and liquidity requirements are analysed over a variety of forecast horizons. Liquidity stress tests are regularly conducted to ensure ongoing liquidity adequacy, and a Contingency Funding Plan is also maintained to provide backup liquidity in the unlikely event of a severe liquidity stress event.

At 30 September 2019, the Group had access to a revolving credit facility of £10 million (2018: £10 million overdraft).

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

Group

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

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	**–**	**–**	**–**	**3,668**	**–**	**3,668**
Financial liabilities at FVTPL - deferred and contingent consideration	**–**	**–**	**1,403**	**6,485**	**–**	**7,888**
Amortised cost	**150,044**	**31,808**	**19,920**	**1,152**	**–**	**202,924**
	150,044	**31,808**	**21,323**	**11,305**	**–**	**214,480**

As at 30 September 2018

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	105,951	33,003	16,484	926	–	156,364
	105,951	33,003	16,484	926	–	156,364

Company

The following are the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	**–**	**–**	**–**	**3,668**	**–**	**3,668**
Amortised cost	**7,346**	**–**	**–**	**–**	**–**	**7,346**
	7,346	**–**	**–**	**3,668**	**–**	**11,014**

As at 30 September 2018

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	7,334	–	–	–	–	7,334
	7,334	–	–	–	–	7,334

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis[1]

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined.

	Fair value as at 30 September 2019 £'000	Fair value as at 30 September 2018 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 1					
Financial assets at FVTPL	**373**	356	Quoted bid prices in an active market.	n/a	n/a
Level 3					
Financial assets at FVTOCI - Equity	**48**	59	The valuation is based on published monthly NAVs.	Marketability discount up to 30%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI - Equity	**31**	31	The valuation is based on the net assets as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI - Asset-backed securities	**–**	586	The valuation is based on the fair value of the loan notes as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.

1. See note 18 for previous classification under IAS 39.

Sensitivity analysis

A sensitivity analysis of the significant unobservable inputs used in valuing the Level 3 financial instruments is set out below:

Financial asset	**Assumption**	**Change in assumption**	**Impact on valuation**
Current assets - financial assets at FVTOCI - Equity	Marketability discount	Increase by 5%	Decrease by £2,400

Fair value hierarchy
At 30 September 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Equities	**373**	**–**	**–**	**373**
Financial assets at FVTOCI				
Equities	**–**	**–**	**79**	**79**
Total	**373**	**–**	**79**	**452**

As at 30 September 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Held-for-trading				
Equities	356	–	–	356
Available-for-sale financial assets				
Equities	–	–	90	90
Asset-backed securities	–	–	586	586
Total	356	–	676	1,032

Reconciliation of Level 3 fair value measurement of financial assets:

Financial assets at FVTOCI[1]

	Total £'000
Balance at 30 September 2017	736
Impairment	(162)
Reversal of accumulated fair value losses recognised in equity on impairment	106
Net gain from changes in fair value recognised in equity	2
Disposals	(6)
Balance at 30 September 2018	676
Net gain from changes in fair value recognised in equity	1
Disposals	(598)
Balance at 30 September 2019	**79**

1. See note 18 for previous classification under IAS 39.

17. Notes to the Cash Flow Statement

Group

	2019 £'000	2018 £'000
Operating profit	**60,961**	67,880
Adjustments for:		
Depreciation of property, plant and equipment	**2,823**	2,468
Amortisation of intangible assets - client relationships and brand	**6,858**	7,619
Amortisation of intangible assets - software	**1,105**	3,855
Loss on disposal of fixed assets	**–**	20
Defined benefit pension scheme past service costs	**1,909**	–
Defined benefit pension scheme cash contributions	**(1,979)**	(3,000)
Share-based payment expense	**7,769**	8,915
Translation adjustments	**(31)**	(8)
Interest income	**1,414**	747
Interest expense	**(16)**	(15)
Operating cash flows before movements in working capital	**80,813**	88,481
Increase/(decrease) in payables and provisions	**43,227**	(68,695)
(Increase)/decrease in receivables and trading investments	**(45,084)**	72,179
Cash generated by operating activities	**78,956**	91,965
Tax paid	**(12,309)**	(12,260)
Net cash inflow from operating activities	**66,647**	79,705

Company

	2019 £'000	2018 £'000
Operating (loss)/profit	**(799)**	61,393
Operating cash flows before movements in working capital	**(799)**	61,393
Interest income	**26**	–
Increase/(decrease) in payables	**152**	(63)
Decrease/(increase) in receivables	**33,712**	(18,877)
Cash generated by operating activities	**33,091**	42,453
Tax paid	**-**	–
Net cash inflow from operating activities	**33,091**	42,453

18. Impact of application of IFRS 9 Financial Instruments

The Group adopted IFRS 9 from 1 October 2018. In accordance with the transition requirements of IFRS 9, comparative information for 2018 has not been restated.

The impact of adoption of IFRS 9 on the results for year to 30 September 2019 is to decrease the profit before tax by £8,000.

The initial application of IFRS 9 has impacted the classification and measurement of the Group's financial assets as follows:

- the redeemable loan notes held by the Group that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at fair value through other comprehensive income ('FVTOCI') as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these redeemable notes continues to be accumulated in the revaluation reserve until they are derecognised or reclassified;
- the Group's investments in equity instruments (neither held-for-trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the revaluation reserve;
- financial assets classified as loans and receivables under IAS 39 continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows which consist solely of payments of principal and interest on the principal amount outstanding; and
- financial assets measured at fair value through profit and loss ('FVTPL') under IAS 39 continue to be measured as such under IFRS 9.

The application of IFRS 9 has had no impact on either the consolidated cash flows of the Group or the basic and diluted earnings per share for the Group.

Note (a) below outlines the change in classification of the Group's financial assets upon application of IFRS 9.

(a) Disclosures in relation to the initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 October 2018.

Financial instrument	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount £'000	IFRS 9 carrying amount £'000	Business model
Financial assets					
Held-for-trading investments	Fair value through profit and loss	Fair value through profit and loss	356	356	Held-for-trading
Equity securities	Available-for-sale investments	Designated Fair value through OCI	90	90	Other
Asset-backed debt securities	Available-for-sale investments	Fair value through OCI	586	586	Held to collect and sell
Current loans and receivables	Loans and receivables	Amortised cost	171,145	171,145	Held to collect
Cash and cash equivalents	Loans and receivables	Amortised cost	186,222	186,222	Held to collect

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires entities to adopt an 'expected credit loss' model as opposed to an 'incurred credit loss' model under IAS 39. The expected loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has applied the simplified approach provided by IFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss for trade receivables; these financial assets are short term and do not contain significant financing components.

As at 1 October 2018, an expected credit loss allowance rate was determined by reviewing the Group's historical credit loss experience and future expectation of credit losses. This rate was applied to financial asset balances at transition and adjusted for asset specific credit risks to determine the expected loss allowance.

The expected credit loss allowance at 1 October 2018 was immaterial and has not been recognised against retained earnings. The application of the IFRS 9 impairment requirements has resulted in an expected credit loss allowance of £8,000 in the current year. The expected credit loss allowance is offset against the respective financial asset.

(c) Financial impact of initial application of IFRS 9

The reclassification of financial assets and liabilities has had no impact on the Group's Balance Sheet or retained earnings. The table below shows the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior years.

	30 September 2018 £'000	Reclassification £'000	1 October 2018 £'000
Current assets			
Financial assets at fair value through other comprehensive income	–	676	676
Available–for–sale investments	676	(676)	–
Financial assets at fair value through profit or loss	–	356	356
Trading investments	356	(356)	–

19. Post balance sheet events

Group

On 31 October 2019, Brewin Dolphin Wealth Management Limited, a subsidiary, based in the Republic of Ireland, completed the acquisition of Investec Capital & Investments (Ireland) Limited; the wealth management business of Investec Group in the Republic of Ireland. The total consideration was €50.2 million comprising of net assets of €13.0 million and surplus capital of €6.2 million.

Company

There have been no post balance sheet events.

20. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The primary statements of the Company include amounts attributable to subsidiaries. These amounts have been disclosed in aggregate in the relevant notes to the financial statements of the Company and in detail in the following table:

	Amounts owed by related parties		Amounts owed to related parties	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Bell Lawrie White & Co. Limited	**–**	–	**2,434**	2,434
Brewin Dolphin Limited	**38,967**	72,679	**–**	–
Brewin Broking Limited	**–**	–	**4,900**	4,900
	38,967	72,679	**7,334**	7,334

All amounts owed by related parties are interest free and repayable on demand.

The only effect of related party transactions on the profit and loss of the Company was in respect of dividends. The Company received dividends of £nil (2018: £60,500,000) from Brewin Dolphin Limited and £1,067,250 (2018: £1,001,650) from Brewin Dolphin Wealth Management Limited (formerly known as Tilman Brewin Dolphin Limited).

The Group companies did not enter into any transactions with related parties who are not members of the Group during the year, save as disclosed elsewhere in these financial statements.

All amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel ('KMP')

Key management personnel are responsible for planning, directing and controlling the activities of the Group. Key management personnel for the Group have been determined to be the Directors and members of the Executive Committee.

The remuneration expense for key management personnel is as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	**4,968**	4,764
Post-employment benefits	**16**	26
Share-based payment:		
Lapses where KMP have left the Group	**–**	(31)
Continuing KMP	**1,047**	2,054
	6,031	6,813

The remuneration of individual Directors is set out in the Directors' Remuneration Report in the 2019 Annual Report and Accounts in addition to the disclosure above.

A number of the Group's key management personnel and their close family members make use of the services provided by companies within the Group. Charges for such services are made at various staff rates.

Directors' transactions

There are no contracts, loans to Directors or other related party transactions with Directors.

21. Extract of new or revised accounting policies for the year ended 30 September 2019 from the 2019 Annual Report and Accounts

3h. Revenue recognition

Revenue represents investment management fees, investment management commissions, financial planning income, execution only fee and commission income and expert report writing service income, excluding VAT.

Identification of performance obligations
The Group assesses all the services expressed in its contracts with customers to identify performance obligations. The Group delivers several series of distinct services that are substantially the same and have the same pattern of transfer to the customer. All the services are highly interrelated and interdependent and are integrated to provide an overall service to the customer. The Group bundles series of services into specific performance obligations where the services have the same pattern of transfer to the customer.

Transaction price
Revenue is measured based on the consideration specified in customer contracts excluding amounts collected on behalf of third parties, that the Group is entitled to in exchange for transferring services to a customer.

The transaction price for services provided over time is variable as it is based on the value of customers' assets at a specific billing point.

Payment is typically due for services within 3 months.

Satisfaction of performance obligations
The Group recognises revenue when it transfers control over a service to a customer and satisfies its performance obligations, this can be at a point in time or over time.

For performance obligations satisfied over time the Group measures progress towards complete satisfaction of the performance obligations equally over time. The Group recognises revenue when the relevant performance obligation has been satisfied and the customer simultaneously receives and consumes the benefits of the services. Where a contract contains variable consideration, the Group estimates the amount to which it is entitled under the contract. The Group constrains the estimate where there is a risk of significant revenue reversal and reassesses this estimate at the end of the relevant billing period when the variable consideration amount is known.

For the performance obligations delivered at a point in time, the Group simultaneously satisfies the performance obligations and recognises revenue at the point the trade is executed which is when the customer receives control of the services.

Nature of services
The following are the principal activities from which the Group generates its revenue.

Investment management
The Group recognises management fees and commissions from its direct or indirect clients on fulfilment of its discretionary investment management, advisory investment management, Brewin Portfolio Service ('BPS') or Model Portfolio Service ('MPS') performance obligations.

All investment management performance obligations are satisfied over time except for trade execution services provided to advisory clients which are satisfied at a point in time.

Financial planning
The Group recognises financial planning income (initial fees, initial commissions and ongoing advice fees) on fulfilment of its financial planning advisory, initial or transactional services performance obligations. The performance obligations are satisfied over time.

Execution only
The Group recognises fees and trade execution commission on fulfilment of its performance obligations. Performance obligations for custody services are satisfied over time and trade execution service performance obligations are satisfied at a point in time.

Expert witness report service
The Group recognises fees for the provision of expert witness reports on fulfilment of its performance obligations which are satisfied at a point in time.

Contract costs
Introducer fees which are incremental costs incurred to obtain a contract with a customer are capitalised. These costs are amortised over the useful life of the client relationships intangible asset.

3p. Intangible assets

Brand
Intangible assets classified as 'brand' are recognised when acquired as part of a business combination. The initial cost of a brand is the fair value at the acquisition date. Following initial recognition, the intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Brands are amortised on a straight line basis over ten years, dependent upon the assessment of the estimated useful life of the brand. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

3t Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments. Financial assets can include equity and debt instruments.

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

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (see (i) below):

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI') (see (ii) & (iii) below):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit and loss ('FVTPL') (see (iv) below). However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- to designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Financial assets at amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments and the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

(ii) Debt instruments classified as at FVTOCI

Redeemable loan notes held by the Group are classified as FVTOCI. Fair value is determined in the manner described in note 3s. The redeemable loan notes are initially measured at fair value plus transaction costs. Subsequently changes in the carrying amount of the redeemable loan notes as a result of both foreign exchange gains and losses and impairment gains or losses are recognised in the Income Statement. The amounts that are recognised in the Income Statement are the same as the amounts that would have been recognised in the Income Statement if the redeemable loan notes had been measured at amortised cost. All other changes in the carrying amount of these redeemable loan notes are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When these redeemable loan notes are derecognised the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the Income Statement.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gains and losses are not reclassified to the Income Statement on disposal of the equity investments, instead, they are transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held-for-trading as at FVTOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in the Income Statement when the Group's right to receive the dividends is established in accordance with the Group's revenue policy (see note 3h), unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income' line item in the Income Statement.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

The Group holds all held-for-trading equity instruments at FVTPL, unless the Group designates an equity investment that is neither held-for-trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the Income Statement. The net gain or loss recognised in the Income Statement includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 3s.

(b) Impairment of financial assets

Expected credit losses are recognised for trade debtors, other financial assets held at amortised cost and financial assets measured at FVTOCI. At initial recognition, an allowance is made for expected lifetime credit losses using the simplified single loss-rate approach. The expected credit loss is determined to be the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive, adjusted for the value of any collateral held. Consideration is also given to the Group's historical credit loss experience, adjusted as necessary to reflect current and future economic conditions, for the relevant financial asset.

The expected credit loss allowance is adjusted as necessary at each balance sheet date to reflect changes in circumstances such as default events that provide objective evidence of impairment. The Group determines financial assets are in default when a payment is 90 days past due. An assessment of whether credit risk has increased significantly since initial recognition is not required under the simplified approach.

Trade debtors are normally written off, either partially or in full, against the related allowance when there is no realistic prospect of recovery, and the amount of the loss has been determined following the disposal of any collateral held. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Income Statement.

(c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset are received, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, any difference between the carrying amount of the asset and the sum of the consideration received is recognised in the Income Statement.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the associated revaluation reserve is reclassified to the Income Statement.

On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to the Income Statement but is transferred to retained earnings.

On derecognition of a financial asset measured at FVTPL the difference between the asset's carrying amount and the sum of the consideration received is recognised in the Income Statement.

Typically, the Group holds financial assets in business models where the value of the financial assets is recovered by collecting contractual cash flows and/or selling the instrument. Hence these financial assets are derecognised once all the contractual cash flows have been received or the financial asset has been sold or transferred.

Financial liabilities and equity

(a) Classification

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

(b) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(c) Financial liabilities

Financial liabilities are subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. The Group holds all financial liabilities at amortised cost and at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at FVTPL

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see note 15 Business Combinations for further information).

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Income Statement.

3u. Derivative financial instruments (derivatives) and hedging activities

Derivatives are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date. Derivatives are occasionally held for risk management purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group applies hedge accounting in accordance with IAS 39 and designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group designates derivatives in respect of foreign currency risk, as cash flow hedges.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Note 16 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 25 to the 2019 Annual Report and Accounts.

Cash flow hedges

The effective portion of changes in the fair value of foreign currency forward contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Income Statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3v. Shares to be issued including premium

Shares to be issued represent the Company's best estimate of the amount of ordinary shares in the Company, which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. The sum payable which will be converted into shares of equivalent value is discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and is revised annually in the light of actual results. The resulting interest charge from the unwind of the discount is included within finance costs. Where shares are due to be issued within a year the sum is included in current liabilities.

22. Annual General Meeting

The Annual General Meeting will be held at 11.30am on 7 February 2020 at Haberdasher's Hall, 18 West Smithfield, London EC1A 9HQ.

23. 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.