This announcement contains inside information for the purposes of the Market Abuse Regulation

24 November 2021

Brewin Dolphin Holdings PLC

Full Year Results

For the Year Ended 30 September 2021

Record discretionary fund inflows and delivering on our strategic growth ambitions

Strong financial performance

- Strong total discretionary net flows of £1.9bn (FY 2020: £0.9bn), representing an annualised growth rate of 4.6%.
  - Record discretionary gross inflows of £4.0bn (FY 2020: £2.8bn), benefitting from strong brand advocacy, as well as a broad range of propositions and investment solutions.
  - Discretionary net flows of £0.5bn from direct clients and £1.4bn from indirect clients, of which £1.0bn flowed into MPS and Voyager.
- Total funds increased by 19.5% over the last 12 months to £56.9bn (FY 2020: £47.6bn). Total discretionary funds increased 20.9% to £49.8bn (FY 2020: £41.2bn) driven by positive net flows and strong investment performance.
- Total income for the period increased by 12.3% to £405.9m (FY 2020: £361.4m) driven by strong market performance and record discretionary gross inflows.
  - Financial planning income grew 25.7% to £41.6m (FY 2020: £33.1m), driven by both *1762 from Brewin Dolphin* and the Wealth Core propositions.
- Adjusted[1] PBT up 16.2% to £90.9m (FY 2020: £78.2m), with margin of 22.4% (FY 2020: 21.6%), driven by strong income growth and cost savings of £2.6m associated with COVID-19 restrictions.
- Strong cash balance of £188.0m (FY 2020: £180.5m) and capital adequacy ratio of 230%.
- Final dividend per share up 12.1% to 11.1p, taking total to 15.7p per share (2020 final: 9.9p per share, total 14.3p per share).

	30 Sept 2021 £'m	30 Sept 2020 £'m	Change
Income	**405.9**	361.4	12.3%
Profit before tax and adjusted[1] items	**90.9**	78.2	16.2%
Statutory profit before tax	**72.5**	62.1	16.7%
Earnings per share			
Basic earnings per share	**18.8p**	16.3p	15.3%
Diluted earnings per share	**18.3p**	15.9p	15.1%
Adjusted[1,2] earnings per share			
Basic earnings per share	**24.6p**	21.1p	16.6%
Diluted earnings per share	**23.8p**	20.6p	15.5%

1. Adjusted items are amortisation of client relationships and brand, onerous contracts, acquisition costs, incentivisation awards, defined benefit pension scheme past service costs and other gains and losses. See the Financial Review for an explanation of the adjusted measure.
2. See note 9 to the Financial Statements.

Delivering on our strategic priorities

- Custody and settlement system is now live and will parallel run with the existing system until summer 2022.
- Improved our digital capabilities; new BPS onboarding platform and piloting digital onboarding for intermediaries.
- Expanded our distribution channels; successful launch and continued momentum in Voyager funds, net flows of c.£300m.
- ESG investment solutions launched for our intermediaries and *1762 from Brewin Dolphin* clients.

Outlook and guidance for FY 2022

- Well placed to serve the growing demand for financial advice and capture market share through widening our distribution channels, offering a broad range of propositions and investment solutions to all demographics.
- FY 2022 commission income expected to be similar to annualised Q4 2021.
- FY 2022 operating costs to grow mid to high single digit percent, due to wage inflation, parallel running of systems which will reverse in FY 2023, depreciation from recent technology investments and continued investment in the business to support future growth.
- Technology investment:
  - FY 2022, final year of elevated capex spend estimated at c.£26m, of which £20m is on the final stage of integrating our new custody and settlement system with our other two internal systems whilst parallel running with the existing system.
  - Post the completion of our large-scale technology project, normalised capex spend will be c.£10m per annum.
  - Modern technology and an operational excellence programme will drive cost benefits of c.£1m in FY 2022 and c.£10m in FY 2023.

Robin Beer, Chief Executive, said:

"We have had an exceptional year achieving record discretionary inflows and are delivering on our growth ambitions. None of this would have been possible without our people, who have adapted so effectively to remote working and continue to focus on putting our clients at the centre of all their decision making. We have remained relevant by continuing to innovate our propositions whilst also developing our digital capabilities. We have started to drive operational efficiencies through our client management system and our new custody and settlement system is now live.

Looking ahead to FY 2022, our priority is to complete the final phased rollout of functionality for our new custody and settlement system, which will complete in summer 2022. On completion, with our new technology capabilities coupled with the operational excellence programme, we expect to capture significant synergies and benefits across the business, supporting our vision to deliver double digit earnings per share growth by 2025. We remain focused on becoming the leading advice-focused digitally enabled wealth manager in the UK and Ireland, which we believe will allow us to benefit from sector growth and capture market share."

Declaration of Final Dividend

The Board is proposing a final dividend of 11.1p per share, to be approved at the 2022 AGM and to be paid on 9 February 2022 to shareholders on the register at the close of business on 7 January 2022 with an ex-dividend date of 6 January 2022.

For further information:

Brewin Dolphin Holdings PLC	Camarco
Carla Bloom, Head of Investor Relations	Ben Woodford / Geoffrey Pelham-Lane
Tel: +44 (0)20 7248 4400	Tel: +44 (0) 799 065 3341 / +44 (0) 773 312 4226

The results presentation will be held at 9.00am on 24 November 2021 and available to watch via a video webcast. The audio link can be found on the corporate website (www.brewin.co.uk/group/investor-relations). Investors and analysts who would like to ask questions are also able to dial in to the call using UK & International: +44 (0) 33 0551 0200 or UK toll-free: 0808 109 0700.

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NOTES TO EDITORS:

About Brewin Dolphin:

Brewin Dolphin is one of the UK and Ireland's leading independent providers of discretionary wealth management. We continue to focus on discretionary investment management, and we manage £49.8 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.

Chief Executive Officer's Review

Exceptional year of delivery

While COVID-19 has had a huge impact on the economy and society, our colleagues adapted effectively to the changing social distancing guidelines and remote working. Our culture is one that puts the best outcome for our clients at the core of everything we do, and this has never been more important than the year we have just experienced. Our success in supporting our clients is evident in our client advocacy scores, which are the highest they have ever been, with our net promoter score at 55% (up 4ppt on last year) and overall client satisfaction at 8.8 out of 10. Our colleagues have also had to support their teams with the pandemic affecting everyone differently, but this has not wavered their desire to keep driving forward and delivering on our strategic ambitions. We have had record discretionary inflows in the year and we have continued to innovate our propositions and build on our digital capabilities.

In November 2020, I set out my 2025 ambition, which is to become the leading advice-focused, digitally enabled wealth manager in the UK and Ireland. For us to achieve this, I aligned our strategic priorities to: remain 'Relevant', become more 'Efficient', which combined will drive attractive levels of 'Growth'. All of these are underpinned by a culture we are proud of.

Delivering our strategic priorities

1. Relevant

In the modern consumer world, being relevant is critical. We want to create the most relevant wealth offering in the marketplace and to deliver it through digital capabilities, combined with personal contact.

To remain relevant in a landscape with increasing focus on sustainability, we launched two new ESG investment solutions. Our 1762 responsible solution is a portfolio built around core high-quality companies whose products and responsible behaviour meet certain criteria. For intermediaries' clients, we have built five model portfolios which exclude exposure to controversial sectors and seek exposure to companies that have positive societal and environmental impacts. We have seen positive signs of early adoption, with just under 100 intermediaries reported to be using our sustainable MPS solution. We expect to see this number and the funds held increase as we expand this proposition to a greater number of platforms over the coming year.

We launched our multi-asset Voyager fund range, in October 2020 and at the end of the financial year it had around £0.3bn of funds.

We enhanced our online onboarding journey for our Brewin Portfolio Service (BPS) clients earlier in the year. As a result, we doubled our conversion rates to 40%, grew new accounts year on year by 44%, and increased inflows by 66%. In July, we broadened our BPS investment solution by offering an active or passive managed portfolio. 61% of existing clients switched to the active solution and around 70% of new clients are now taking the active solution. At the end of the year, BPS had around 8,000 accounts with around £0.3bn of funds.

2. Efficient

To drive efficiency through our business, we need to deliver our services with speed and convenience to clients, we need to increase our advisor capacity and improve our operating model.

We have been investing in enhancing our client user experience through development of platforms and providing seamless digital services. For intermediaries' clients, we have been rolling out digital valuation capabilities and have more recently started piloting digital onboarding. The success of these platforms will enable us to focus on offering our core wealth clients digital onboarding this coming year.

Over the last three years, we have been transforming our technology systems, which will enable us to increase client-facing staff capacity and drive operational efficiencies throughout our business processes. We implemented our new client management system last year, which was designed to speed up onboarding and processing clients' details, enabling our client-facing staff to spend more time with clients. This year we have been able to reduce client onboarding time by 73%, with further improvements to come from digitally onboarding our clients, following the implementation of our new custody and settlement system.

Our new custody and settlement system is now live within our environment, albeit later than originally expected. Learning from other corporates who have implemented similar large scale projects, we took the decision in May to de-risk the delivery of the system and are now phasing the full functionality while parallel running both the new and existing systems. We are now working through the final complexities of integrating the automated interfaces with our client management and trading systems. We expect the existing custody and settlement system to be switched off in the summer of 2022.

Alongside embedding our new systems, we have launched an operational excellence programme, which will enable us to start to drive operational efficiencies throughout the business. We expect cost efficiencies in FY 2022 to be c.£1m and c.£10m in FY 2023.

Having modern technology will allow us to increase our automation capabilities with faster straight through processing. Our operational excellence programme will help us improve our processes and drive more data decision-making. And finally, we are looking to right-source some of our testing and software development to expert third parties. All these initiatives will allow us to improve our operating model, enable us to scale at pace, and drive further cost benefits.

3. Growth

Our strategic initiatives are delivering our growth by widening our distribution channels through business-to-business, strategic partnerships, and professional services. The combination of growth in revenues and operating margin efficiencies, will enables us to achieve our double-digit earnings per share growth target by 2025.

Over the last year, we have piloted our business-to-business partnership strategy. Having a presence in our local communities has enabled us to support local businesses in educating their employees on financial wellbeing. We have relationships with 33 corporates, from small to large-scale businesses, and have been able to reach further during the pandemic hosting over 100 webinars with around 3,600 attendees.

Brewin Dolphin Ireland, which represents c.10% of the Group's funds, has also contributed to the Group's growth. Brewin Dolphin Ireland has continued to gain momentum through the year with total fund growth of 17.4% to £5.4bn (FY 2020: £4.6bn), of which discretionary funds were up 36% to £3.4bn (FY 2020: £2.5bn). Discretionary net flows in the year were £0.4bn with an annualised growth rate of 16.0%, Brexit-related transfers and a one-off corporate transaction supported this growth. Income grew 30% to £30.3m (FY 2020: £23.3m); on a normalised basis it grew c.25% year on year. The market opportunities in Ireland remain significant: with strong relative economic performance and wealth creation leading to increased demand for wealth management and investment services; the opportunity post Brexit to serve non-UK resident EU-based clients; and it remains well positioned considering recent market disruption.

4. Supported by a culture we are proud of

Maintaining our culture is an important part of our strategy as a Group. Our values have again been demonstrated across the organisation, sustaining our business and performance, and while the last year has not been easy, our people have been at the heart of our success.

During the year we evaluated our office space requirements given the impact COVID-19 has had on our ways of working. We have moved to a more agile working model, which led to the decision to remain in our current London office, which has the capacity to fulfil our current needs and future growth.

We are committed to creating a workplace and culture that is welcoming and inclusive for everyone. We value the contribution of all our people and recognise that diverse backgrounds, experiences and ideas enable us to grow and remain resilient. We signed up to the Race at Work Charter in 2020, and as a result, we launched 'EmbRACE', our employee-led race and ethnicity network in July 2021. Gender diversity has also remained a high priority this year. We are signatories of the Women in Finance Charter, and since joining we have stretched our target for female representation in senior management twice. As of 1 September 2021, women represent 42% of our senior management team, and our new target is to achieve 45% by the end of 2023.

Our talent development programmes have continued, as have our community responsibility activities, albeit in an adapted form as a result of the pandemic. Our Future Wealth Manager programme for our advisers has continued, focused on adapting and advancing skills and behaviours that build strong client relationships. We have launched a new Aspire Lead programme targeting key influencers and emerging leaders across our business and we have also designed and facilitated a number of virtual team 'offsites' to energise, support and increase team effectiveness following organisational redesign and new leadership.

Outlook

Markets this year have rebounded strongly due to the recovery in economic activity, fiscal and monetary stimulation, COVID-19 vaccination progress and strong corporate earnings. After such a strong year, we anticipate markets to be more volatile in 2022, with governments reducing fiscal stimulus and consumer demand normalising. We believe that we are well placed to capture the strong structural drivers in the sector: with growing demand for financial advice, the pandemic being a catalyst for the acceleration, and a generational wealth transfer which is an ongoing tailwind.

Our strategy of remaining relevant, through adapting our investment solutions and propositions and our investment in digital capabilities will ensure we are able to keep meeting the changing client needs and a younger generation of clients. We expect operating costs to grow mid to high single digit percent due to cost inflation, depreciation from our technology investments, investment in our business to support future growth, and parallel running costs of our custody and settlement systems, which reverse out in FY 2023. Having invested in our technology over the last few years, we are now able to start driving significant efficiencies through our internal operating processes, which will be a priority in the coming year.

I look forward to building on the significant progress we have made on our strategic growth ambitions and remain focused on becoming the leading advice-focused, digitally enabled wealth manager in the UK and Ireland.

Financial Review

Results and business performance

The Group's financial performance for the year to 30 September 2021 was exceptionally strong following the recovery in the markets over the period and record discretionary gross inflows. For this reason, statutory profit before tax ('statutory PBT') was 16.7% higher than last year at £72.5m (2020: £62.1m). Statutory PBT margin for the period was 17.9% (2020: 17.2%). Profit before tax and adjusted items ('adjusted PBT') was up 16.2% to £90.9m (2020: £78.2m). The adjusted PBT margin improved to 22.4% (2020: 21.6%) as we have continued to benefit from COVID-19 related savings.

Statutory diluted earnings per share ('EPS') increased by 15.1% to 18.3p (2020: 15.9p). Adjusted diluted EPS increased by 15.5% to 23.8p (2020: 20.6p).

	2021 £'m	2020 £'m	Change
Income	**405.9**	361.4	12.3%
Fixed staff costs	**(148.0)**	(139.2)	6.3%
Variable staff costs	**(75.0)**	(60.2)	24.6%
Other operating costs excluding adjusted[1] items	**(90.2)**	(82.1)	9.9%
Operating profit before adjusted[1] items	**92.7**	79.9	16.0%
Net finance costs and other gains and losses	**(1.8)**	(1.7)	5.9%
Profit before tax and adjusted[1] items	**90.9**	78.2	16.2%
Adjusted[1] items	**(18.4)**	(16.1)	14.3%
Statutory profit before tax	**72.5**	62.1	16.7%
Taxation	**(17.2)**	(14.1)	22.0%
Statutory profit after tax	**55.3**	48.0	15.2%

Earnings per share

Basic	**18.8p**	16.3p	15.3%
Diluted	**18.3p**	15.9p	15.1%
Adjusted[1,2] earnings per share			
Basic	**24.6p**	21.1p	16.6%
Diluted	**23.8p**	20.6p	15.5%

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

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

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

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.

The gains/losses from seed capital (see note 19 to the 2021 Annual Report and Accounts) and the defined benefit pension scheme past service costs relating to the equalisation of Guaranteed Minimum Pensions (see note 17 to the 2021 Annual Report and Accounts) are excluded from the adjusted profit measures as the Directors consider these to be outside of the ordinary course of business.

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

	2021 £'m	2020 £'m
Profit before tax and adjusted items	**90.9**	78.2
Adjusted items		
Acquisition costs	**(1.5)**	(3.6)
Other gains and losses	**0.3**	–
Defined benefit pension scheme past service costs	**(0.4)**	–
Onerous contracts	**(3.6)**	(0.2)
Incentivisation awards	**(2.0)**	(1.2)
Amortisation of intangible assets – client relationships and brand	**(11.2)**	(11.1)
Total adjusted items	**(18.4)**	(16.1)
Statutory profit before tax	**72.5**	62.1

Adjusted items for the year were higher at £18.4m (2020: £16.1m). They included acquisition costs of £1.5m (2020: £3.6m), this year's cost stemmed from aborted acquisition costs, onerous contracts of £3.6m, with the majority relating to the decision to not move our London office to 25 Cannon Street and to assign or sublet the space instead once the lease commences, and amortisation of client relationships of £11.2m (2020: £11.1m).

Other adjusted items were in relation to incentivisation awards of £2.0m (2020: £1.2m) and defined benefit pension scheme past service costs of £0.4m.

Funds[1]

£'bn	30 September 2020	Inflows	Outflows	Internal transfers	Net flows	Growth rate	Investment performance	**30 September 2021**	Change
Private clients	21.6	1.5	(0.6)	(0.5)	0.4	1.9%	3.6	**25.6**	18.5%
Charities & corporates	5.1	0.4	(0.3)	–	0.1	2.0%	0.9	**6.1**	19.6%
Direct discretionary	26.7	1.9	(0.9)	(0.5)	0.5	1.9%	4.5	**31.7**	18.7%
Intermediaries	10.1	1.1	(0.6)	(0.1)	0.4	4.0%	1.5	**12.0**	18.8%
MPS / Voyager	4.4	1.0	–	–	1.0	22.7%	0.7	**6.1**	38.6%
Indirect discretionary	14.5	2.1	(0.6)	(0.1)	1.4	9.7%	2.2	**18.1**	24.8%
Total discretionary	41.2	4.0	(1.5)	(0.6)	1.9	4.6%	6.7	**49.8**	20.9%
Execution only	4.1	0.3	(0.6)	0.9	0.6	14.6%	0.3	**5.0**	22.0%
BPS	0.2	–	–	–	–	–	–	**0.3**	50.0%
Advisory	2.1	–	(0.1)	(0.3)	(0.4)	(19.0)%	0.1	**1.8**	(14.3)%
Total funds	47.6	4.3	(2.2)	–	2.1	4.4%	7.1	**56.9**	19.5%

£'bn	30 September 2020	31 March 2021	**30 September 2021**	Change last 12 months	Change last 6 months
Private clients	21.6	23.7	**25.6**	18.5%	8.0%
Charities & corporates	5.1	5.6	**6.1**	19.6%	8.9%
Direct discretionary	26.7	29.3	**31.7**	18.7%	8.2%
Intermediaries	10.1	11.1	**12.0**	18.8%	8.1%
MPS / Voyager	4.4	5.3	**6.1**	38.6%	15.1%
Indirect discretionary	14.5	16.4	**18.1**	24.8%	10.4%
Total discretionary	41.2	45.7	**49.8**	20.9%	9.0%
Execution only	4.1	4.7	**5.0**	22.0%	6.4%
BPS	0.2	0.2	**0.3**	50.0%	50.0%
Advisory	2.1	2.0	**1.8**	(14.3)%	(10.0)%
Total funds	47.6	52.6	**56.9**	19.5%	8.2%

Indices					
MSCI PIMFA Private Investor Balanced Index	1,568	1,704	**1,781**	13.6%	4.5%
FTSE 100	5,866	6,713	**7,086**	20.8%	5.6%

1. The funds figures are rounded to one decimal place and therefore may not always cast.

Total funds as at 30 September 2021 were £56.9bn (2020: £47.6bn) an increase of 19.5% in the year, driven by strong net flows of £2.1bn (2020: £1.1bn) and investment performance of £7.1bn (2020: £(1.2)bn). Investment performance was 14.9% compared to the increase in the MSCI PIMFA Private Investor Balanced Index of 13.6%.

Total discretionary funds grew by 20.9% to £49.8bn (2020: £41.2bn). Total net flows were £1.9bn (2020: £0.9bn) representing an annualised growth rate of 4.6%, in line with our 5% discretionary net flow target. This was driven by record gross discretionary inflows of £4.0bn, benefitting from our broad range of propositions. New clients were a large driver of this growth, representing c.70% of UK inflows (excluding MPS and Voyager) and our client retention rate remained high at 96%.

Direct discretionary net flows were £0.5bn (2020: £0.1bn) driven by record gross inflows of £1.9bn (2020: £1.4bn) and stable outflows of £0.9bn (2020: £0.9bn).

Indirect discretionary net flows were £1.4bn, an increase of 75.0% on last year (2020: £0.8bn). MPS and Voyager flows of £1.0bn (2020: £0.5bn) were a significant driver to this growth. Voyager funds, launched in October 2020, have grown to £0.3bn.

Income

	2021			2020			Change		
£'m	**Fees**	**Commission**	**Total**	Fees	Commission	Total	Fees	Commission	Total
Private clients	**158.3**	**65.7**	**224.0**	141.5	65.3	206.8	11.9%	0.6%	8.3%
Charities & corporates	**23.6**	**3.7**	**27.3**	18.4	3.6	22.0	28.3%	2.8%	24.1%
Direct discretionary	**181.9**	**69.4**	**251.3**	159.9	68.9	228.8	13.8%	0.7%	9.8%
Intermediaries	**73.7**	**0.9**	**74.6**	66.5	1.1	67.6	10.8%	(18.2)%	10.4%
MPS / Voyager	**14.0**	**n/a**	**14.0**	11.2	n/a	11.2	25.0%	n/a	25.0%
Indirect discretionary	**87.7**	**0.9**	**88.6**	77.7	1.1	78.8	12.9%	(18.2)%	12.4%
Total discretionary	**269.6**	**70.3**	**339.9**	237.6	70.0	307.6	13.5%	0.4%	10.5%
Financial planning	**n/a**	**n/a**	**41.6**	n/a	n/a	33.1	n/a	n/a	25.7%
Execution only	**4.9**	**7.1**	**12.0**	4.6	6.7	11.3	6.5%	6.0%	6.2%
BPS	**1.7**	**n/a**	**1.7**	1.3	n/a	1.3	30.8%	n/a	30.8%
Advisory	**4.4**	**2.8**	**7.2**	3.6	1.1	4.7	22.2%	154.5%	53.2%
Other income	**n/a**	**n/a**	**3.5**	n/a	n/a	3.4	n/a	n/a	2.9%
Income	**280.6**	**80.2**	**405.9**	247.1	77.8	361.4	13.6%	3.1%	12.3%

Income increased by 12.3% to £405.9m (2020: £361.4m). Fee income increased by 13.6% to £280.6m driven by market recovery and strong net flows. Commission income was up 3.1% to £80.2m, largely driven by a one-off corporate transaction in advisory of £1.7m in Ireland in the third quarter.

Discretionary income increased by 10.5% to £339.9m (2020: £307.6m). This was driven by fee income of £269.6m increasing 13.5% from last year, attributable to the higher market level in the year and strong positive net flows. Discretionary commission is in line with the prior year, despite elevated trading activity in the first half of the year. Indirect income increased by 12.4% to £88.6m (2020: £78.8m), driven by continued demand for MPS and the newly launched Voyager funds, as well as the market recovery.

Financial planning income grew by 25.7% to £41.6m (2020: £33.1m), driven by continued growth in demand for our advice-focused services and the higher market level.

Other income increased to £3.5m (2020: £3.4m). Interest income reduced by £0.5m to £0.8m (2020: £1.3m) due to lower interest rates and restructuring of funds on fixed term rates. Report writing income generated by Mathieson Consulting increased by £0.6m to £1.7m (2020: £1.1m).

Income margin[1]

	2021			2020		
(bps)	**Fees**	**Commission**	**Total**	Fees	Commission	Total
Private clients	**64.6**	**26.8**	**91.4**	67.4	31.1	98.5
Charities & corporates	**40.7**	**6.4**	**47.1**	37.7	7.2	44.9
Direct discretionary	**60.2**	**23.0**	**83.2**	61.8	26.6	88.4
Intermediaries	**63.7**	**0.8**	**64.5**	67.9	1.1	69.0

MPS	**25.5**	**–**	**25.5**	26.5	–	26.5
Total discretionary	**57.0**	**14.9**	**71.9**	59.7	17.6	77.3
BPS	**56.7**	**–**	**56.7**	68.4	–	68.4
Execution only	**10.2**	**14.8**	**25.0**	11.4	16.4	27.8
Advisory	**22.0**	**14.0**	**36.0**	19.5	6.0	25.5
Overall	**51.6**	**14.8**	**66.4**	53.7	17.0	70.7

1. The income margins are calculated as total income over the average funds at the end of each fee billing quarter for the year. This is an alternative performance measure.

Overall blended margin across the discretionary business was 71.9bps (2020: 77.3bps). The year-on-year decrease is largely driven by the intermediaries: as our IFA relationships grow, they benefit from reduced tiered price levels. MPS margins are also reduced year on year reflecting the effects of tiering across our growing IFA book.

The direct margin was 83.2bps (2020: 88.4bps): fee margin was down 1.6bps to 60.2bps (2020: 61.8bps), mostly due to the higher value of client funds and the impact of rate card tiering, and commission margin was down to 23.0bps (2020: 26.6bps) due to lower commission-based activity in the second half of the year.

Advisory commission margin was 14.0bps (2020: 6.0bps); this increase was driven by a one-off corporate transaction of £1.7m in Ireland in the third quarter.

Operating costs (excluding adjusted[1] items) and capital expenditure

	2021 £'m	2020 £'m
Staff costs	**(148.0)**	(139.2)
Non-staff costs	**(90.2)**	(82.1)
Fixed costs	**(238.2)**	(221.3)
Variable staff costs	**(75.0)**	(60.2)
Total operating costs	**(313.2)**	(281.5)
Capital expenditure[2]	**30.3**	35.6

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts and other gains and losses.
2. Excludes £1.5m of right of use asset additions (FY 2020: £1.9m).

Total operating costs before adjusted items were up £31.7m, 11.3% higher at £313.2m (2020: £281.5m). The increase was primarily driven by higher variable staff costs as a result of our strong performance in the year and higher headcount.

Total fixed costs increased by £16.9m to £238.2m (2020: £221.3m). Staff costs grew 6.3% to £148.0m as a result of headcount increases to support the Group's business growth and technology transformation projects, share price growth on employee share options, and accounting for increased holiday accrual with lower levels of holiday taken due to COVID-19.

Non-staff costs increased by 9.9% to £90.2m, attributable to depreciation of the technology investment in 2020, continued investment in our technology transformation projects which will support operational improvements and more marketing spend in the second half of the year, following a year of reduced client events due to the pandemic. These increases were partially offset by reduced spend of £2.6m in travel and entertainment, office occupancy costs and supplies as a result of social distancing restrictions.

Variable staff costs of £75.0m (2020: £60.2m), which predominantly includes discretionary profit share, were up 24.6%, driven by strong income and profit growth in the year. We have maintained our staff compensation ratio of 55% in line with last year and variable costs per capita were up 14% as we had 9% headcount growth in the year.

Capital expenditure

Total capital expenditure for the year excluding IFRS 16 related right of use additions was £30.3m, of which £24.8m was on our custody and settlement system, in line with our market guidance. Our total capital expenditure spend to date on the custody and settlement system is £51.3m. Other capital expenditure in the period included £4.5m on enhancing our client user experience, £0.5m on property improvements and the remaining £0.5m on IT hardware.

The custody and settlement system is now live within our technology environment, albeit later than originally expected, and we have commenced the final phased rollout of its functionality. In taking a prudent approach with the embedding of the system, we are phasing the deployment of its full functionality, which includes the final complexities of integrating the automated interfaces with our client management and trading systems. The parallel running of both the old and new custody and settlement systems will end in the summer of 2022. Once the new custody and settlement is fully functional, we will have a cloud-based, modern technology infrastructure in which we can start to realise some operational and cost benefits. The operational benefits include straight through processing and automation, simpler client journeys, reduced operational risks, tighter business controls and the ability to scale faster.

FY 2022 guidance

Looking ahead to next year's costs and capital expenditure, we anticipate operating costs to grow mid to high single digit percent due to: higher than normal wage inflation, costs related to parallel running of systems which we expect to reverse in FY 2023, depreciation from our recent technology investments, and continued investment in the business to support our growth ambitions. We anticipate our capital expenditure will be around £26m of which £20m will be for the final stage of integrating our custody and settlement system with our client management and trading systems. We anticipate following FY 2022 that our capital requirements will fall to normalised levels of investment of around £10m per annum. Amortisation of our recent technology investments will be around £3m in FY 2022, and around £8m in FY 2023, with our client management system's amortisation falling away from FY 2024. Having a modern technology infrastructure enables us to start to drive operational efficiencies through the business. We expect cost efficiencies in FY 2022 will be c.£1m and c.£10m in FY 2023.

Net finance costs

Finance income of £0.4m, lower than 2020 of £0.9m due to lower interest rates. Finance costs were £2.2m (2020: £2.6m), primarily related to our leases.

Defined benefit pension scheme (the 'Scheme')

The final salary pension scheme surplus has increased to £20.8m (2020: £20.3m). An actuarial gain for the year of £0.2m (2020: £1.4m) has been recognised. A past service cost of £0.4m has been recognised in the Income Statement following the judgment in November 2020 in relation to the Lloyds Bank GMP equalisation case confirming that pension scheme trustees are responsible for equalising GMP benefits that have already been transferred out of defined benefit schemes. This cost has been excluded from adjusted measures, as it is a one-off item.

The Group completed and agreed the triennial valuation at December 2020 for the Scheme during the year. The actuarial valuation for funding purposes revealed a £8.1m surplus. It was agreed that no additional contribution would be made to the scheme until the funding is reassessed at the next triennial valuation. Additionally, it was agreed that the administration costs of the Scheme, including investment management fees and Scheme levy payments previously paid by the Group, were to be paid directly by the Scheme.

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 experience mainly as a result of actual inflation and pension increases being lower than assumed. These increases were partially offset by the asset returns being lower than expected on the Scheme's assets over the year, reflecting in part the increase in gilt yields and a reduction in credit spreads.

Tax

The Group's effective corporation tax rate of 23.7% is higher than the UK statutory corporation tax rate of 19%, and higher than prior year (2020: 22.7%). This is mainly due to the impact of adjusting the net deferred tax liability to allow for the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023; this has increased the Group's tax charge for the year ended 30 September 2021.

Dividend

The Company's policy is to grow dividends in line with adjusted earnings, with a target payout ratio of between 60% and 80% of annual adjusted diluted earnings per share. The payout ratio range has been adopted to provide sufficient flexibility for the Board to reward shareholders whilst recognising that there may be a requirement, at times, to retain capital within the Group for investment to generate enhanced future shareholder returns.

The Board has taken a balanced view on rewarding shareholders in what has a been a strong performance for the year. As a result the Board is proposing a final dividend of 11.1p per share which brings the total for 2021 to 15.7p per share, a 10% increase year on year (2020 final: 9.9p per share; total dividend for the 2020 year 14.3p per share). The payout is 66% of adjusted earnings per share and is in line with our dividend policy.

Capital resources and regulatory capital

The Group's financial position remains very strong with net assets of £347.3m as at 30 September 2021 (2020: £335.0m).

At 30 September 2021, the Group had regulatory capital resources of £167.1m (2020: £161.1m), representing 230% of the FCA requirement (2020: 220%). Improved business performance offset by continued investment in intangibles is the main reason for the increase, see note 10 to the Financial Statements. The Group's primary regulator is the Financial Conduct Authority ('FCA'). The FCA's rules determine the calculation of the Group's regulatory capital resources and regulatory capital requirements. As required under FCA rules, we perform an Internal Capital Adequacy Assessment Process ('ICAAP'), at least annually, which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold.

By 1 January 2022 the Investment Firms Prudential Regime (IFPR) will have replaced the existing EBA regulations in both UK and Europe. The Group's regulated entity in Europe began reporting per the new rules in June 2021 under EBA guidelines and continues to retain sufficient regulatory capital resources. The UK regulated entity has prepared for the transition under the FCA by ensuring compliance and testing with new calculations which have established current regulatory resources levels will be sustained. The Group is satisfied that it will continue to maintain adequate capital resources following implementation of the IFPR.

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 net cash inflow of £7.5m (2020: £48.7m outflow) and total net cash balances of £188.0m as at 30 September 2021 (2020: £180.5m).

Adjusted EBITDA (see table below) was £118.9m (2020: £99.5m). Capital expenditure of £34.6m (2020: £28.9m) was principally in support of the ongoing technology transformation programme. The contribution to the defined benefit pension scheme of £0.3m (2020: £1.3m) was lower than last year, as the funding agreement agreed at the December 2017 triennial valuation ended in the year.

Cash outflow for own share 'matching' purchases in the year of £10.5m to match the awards made in 2020 for the Deferred Profit Share Plan (DPSP) awards (2020: £8.4m). Shares were also purchased (£0.2m) for the Share Incentive Plan. During the year, the Group seeded its Voyager fund range with £2.3m (see note 19 to the Financial Statements).

Working capital reflects our trade debtors and creditors and prepayments and accruals, it is cyclical dependent on timing of invoice payment runs on a monthly basis.

Dividends paid in the period decreased by 11.8% to £42.7m (2020: £48.4m).

	2021 £'m	2020 £'m
Profit before tax and adjusted items	**90.9**	78.2
Finance income and costs	**1.8**	1.7
Operating profit before adjusted items (EBIT)	**92.7**	79.9
Share-based payments	**12.6**	9.8
Depreciation and amortisation – excluding client relationships and brand	**13.6**	9.8
Adjusted EBITDA	**118.9**	99.5
Capital expenditure	**(34.6)**	(28.9)
Purchase of client relationships	**(0.2)**	–
Acquisition of subsidiary	**–**	(32.0)
Acquisition costs	**(1.5)**	(3.6)
Purchase of trading investments	**(2.3)**	–
Pension funding	**(0.3)**	(1.3)
Working capital	**5.3**	0.3
Disposal of PPE and software	**0.5**	–
Interest and taxation	**(11.9)**	(16.4)
Lease payments and interest on lease liabilities	**(10.3)**	(8.8)
Lease incentive and finance lease receivables	**–**	0.6
Adjusted items	**(2.8)**	(1.4)
Shares purchased	**(10.7)**	(8.4)
Shares issued for cash	**0.1**	0.1
Cash flow pre-dividends	**50.2**	(0.3)
Dividends paid	**(42.7)**	(48.4)
Cash flow	**7.5**	(48.7)
Opening cash	**180.5**	229.2
Closing cash	**188.0**	180.5

Key Performance Indicators

Measuring the success of our strategy

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

Measuring our performance

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

Changes to KPIs

During the year, we have reviewed our measurements to ensure that they are appropriate for our strategy. We have realigned our KPI's to our objectives of 'Relevance', 'Efficiency', 'Growth', 'Culture' and others which relate to our overall performance. As outlined last year, total income now forms part our KPIs. This is line with our increased focus on being an advice-led business, the strength of which is more accurately measured by income rather than funds. There will be no target provided but this will form part of our remuneration decision making and will be disclosed and monitored.

KPIs

Strategic outcome	KPI	FY 2019	FY 2020	FY 2021	Target / Benchmark
Relevant	Discretionary funds inflows	3.7%	2.2%	4.6%	5%
	Total income	£339.1m	£361.4m	£405.9m	n/a
	Net promoter score	51.2%	51.0%	55.0%	49.0%
	Overall client satisfaction[1]	8.6	8.7	8.8	8.6
Efficient	Adjusted[2] PBT margin	22.1%	21.6%	22.4%	25%
	Discretionary funds per client facing certified person (CFCP)	£81m	£77m	£89m	£100m
Growth	Adjusted[2,3] diluted EPS	20.7p	20.6p	23.8p	n/a
Culture	Employee engagement	87%	90%	88%	78%
Overall	Capital adequacy risk appetite ratio	291%	220%	230%	150% (minimum)
	Dividend payout ratio	80%	70%	66%	60%-80%

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

Principal Risks

Managing our risks

Effective risk management is key to the success of delivering our strategic objectives. Our approach to risk management continues to evolve as the risk landscape changes; it ensures timely 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.

Our principal risks relate to our resilience from an operational and financial perspective, and our strategic focus including change management required to build a platform for growth, and innovation to deliver propositions that continue to meet the needs of our clients.

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 swift and effective response to risk events and potential issues in order to minimise impact;
- A defined risk appetite within which risks are managed; 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.

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 attended by both the Risk Committee and the Executive Committee are held.

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 high 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 and undertakes an assessment of the principal and emerging risks, 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, are set out 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, for business change activities, and for new products and services.
- A horizon scanning forum is in place to identify and assess emerging risks, and establish ownership for mitigation and management of those risks.
- 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.
- Control monitoring teams are in place, undertaking both regular control sampling and thematic reviews.

Responding to risks

- We held an in depth risk workshop with our Risk Committee and Executive Committee members to discuss the key risks that can impact our business strategy, including external speakers providing their perspective on ESG and Climate Change risks to wealth management firms.
- Financial market uncertainty remains a focus and we regularly stress test our funds, profits, cash and regulatory capital to understand and plan for both market wide and firm specific scenarios that could result in the need to amend our business strategy.
- Change management governance and oversight has continued to be a significant focus during the period as we are in the final stages of implementing a new custody and settlement system.
- We have completed the deployment of all modules to support our core risk management processes into our Governance, Risk and Compliance tool, including Operating Events, Client Complaints, Risk and Control Self Assessments, Key Risk Indicators, Risk Issues and Actions. The tool provides enhanced analytical and workflow capabilities, increasing the efficiency in how we identify trends and manage risk.
- The pipeline of regulatory change remains a focus, including our preparations for the Investment Firms Prudential Regime, due to be implemented in January 2022.

The Directors confirm that we have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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 objectives

R = Relevant E = Efficient G = Growth C = Culture O = Overall

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(s)	Nature and potential impact of the risk	Primary strategic objectives	Mitigating factors	Examples of risk metrics monitored	Movement in the year
1 Propositions Risk owners: Managing Director of Advice and Innovation, and Managing Director of Wealth and Investment	The risk of propositions being uncompetitive and not meeting the needs of our clients, resulting in a failure to attract new clients or existing clients leaving, e.g. risk of not meeting increasing demand for sustainability focused investment solutions.	**R G**	• Dedicated resources to develop, test and launch new service offerings. • New service offerings are piloted before broader rollout. • We have continued to innovate over the last year, with the launch of new ESG solutions '1762 Responsible Progress' through 1*762 from Brewin Dolphin* and 'Sustainable MPS' for the intermediaries market. In addition we have launched Brewin Dolphin Voyager funds.	• Number of new clients, client pipeline, net flows, funds under management.	↓ Client needs continue to evolve, and we have increased choice for our clients by launching new propositions.
2 Acquisitions Risk owner: Chief Executive Officer	(a) The risk of acquisitions not achieving strategic objectives or resulting in unexpected adverse financial impacts, and (b) the risk of missed strategic acquisition opportunities.	**G**	• Acquisitions form part of the Change Management Programme governance. • Post completion metrics are monitored. • An acquisition forum is in place to review potential opportunities.	• Income, client and staff retention, client complaints.	↑ Although the risks associated with past acquisitions have decreased as integration activity has been completed, there is increasing acquisition activity in the industry, and more potential strategic opportunities.

Financial risks

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

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic objectives	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 cash deposits or assets at risk of loss.	**O**	• 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. • Credit Default Swap spreads.	↔ We maintain diversity across our banking counterparties, and have robust oversight and monitoring in place.

Operational risks

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

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic objectives	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.	**O**	• Compliance and Legal functions monitor and oversee fulfilment of our regulatory and legislative requirements and interactions with our key regulators. • We execute against a robust compliance monitoring plan, and have strong governance in place to identify issues and ensure any required actions are completed.	• We have dashboards in place to monitor each regulatory risk which includes assessment of the control environment, regulatory interaction, issues and breaches.	↔ Regulatory and Legal Compliance has been an area of continued focus during the year.
5 Change Management (Risk owners: Chief Risk Officer and Chief Operating 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.	**E**	• A Business Change Board with Executive Committee representatives oversee and challenge the change management programme. • Change management is centralised within a Change and Transformation team.	• Project status taking into account risks, issues, budget, resources, internal and vendor deliverables.	↑ Resourcing requirements during the year have challenged change delivery. However, strong progress has been achieved during the final stages of implementing our new custody and settlement system.
6 Conduct (Risk owner: Group Head of Investment Governance)	This is the risk of not delivering fair outcomes for clients.	**C**	• Tone from the top sets a culture which puts delivering fair outcomes for clients at the core of the Group's activities/ethos. • A conduct risk framework sets our approach to conduct risk governance and the ongoing assessment, monitoring against key metrics and reporting of conduct risk. • A conduct risk dashboard is in place, enabling detailed monitoring and oversight of conduct risk at an individual employee level. • A risk based client on-boarding process which ensures that we understand our clients' needs and attitudes to risk. • A quality assurance process to identify and address any instances where the	• Client advice reviews. • Quality of advice. • Asset allocation. • Portfolio turnover. • Client complaints.	↓ Market volatility has trended downwards, leading to reduced trading levels and fewer changes to client requirements compared to the prior year. We have been focused on client advice reviews, and continuing to enhance our governance oversight.

			• best outcomes for clients are not achieved. • Robust investment governance supported by an Investment Governance Committee and a dedicated research department.		
7 Resilience (Risk owners: Chief Risk Officer and Chief Operating Officer)	This is the risk that the Group does not have the ability to respond to, recover and learn from operational disruption to core business activities.	**E**	• A dedicated Operational Resilience team reports directly to the Chief Operating Officer. • Crisis management response teams are in place. • Our Digital Security and Vendor Management teams ensure the resilience capabilities of our third parties.	• Technology resilience and potential vulnerabilities. • Key person dependencies. • Service disruptions.	↔ Although the external threat of operational disruption remains at similar levels to last year, we continue to increasingly invest time and resources in mitigating this risk.
8 Fraud (Risk owner: Chief Risk Officer)	The risk of unauthorised gain or transfer of company or client assets, and the risk of unauthorised access to or corruption of information.	**O**	• All expense payments are requested, approved and administered using a spend management platform within built controls. • Robust controls are in place for the requested change of payee bank account details. • Threat scanning for potential cyber risks. • Simulated phishing programme in place to ensure familiarisation with phishing attacks.	• Fraud attempts. • Internal process monitoring results. • Security threats. • Phishing testing results.	↔ External risk has been heightened since fraudsters have been taking advantage of COVID-19 disruption, particularly related to cyber.

Environmental, Social and Governance Risks

In addition to our Principal Risks, during the period we have started to consider the different emerging ESG risks to Brewin Dolphin and have the governance in place to oversee the risks related to our responsible business initiatives, stewardship activities and investment offerings.

Risk	Nature and potential impact of the risk	Governance of ESG
The risk of misalignment of ESG activities	The risk that there is a misalignment between our ESG commitments and our outward values, in comparison to our actions, resulting in a lack of credibility and damaging our reputation.	• The Sustainability Committee defines the sustainability goals for the Group and provides a sustainability framework that ensures oversight of business activities related to the Group's sustainable investment offering, the Group's stewardship activities, and the Group's internal responsible business initiatives. • The ESG Investment Forum considers clients' needs relating to ESG investing and contributes to thinking around the development of the Group's ESG investment strategies ensuring alignment to our core values. • The Wealth Governance Committee responsibilities include approval of key investment process controls, oversight and challenge of investment strategy and performance, and consideration of new products and services. • Areas of activity with a societal focus, e.g. employment practices, tax and supplier management are managed within the existing Risk Management Framework.
The risk of unsuccessful responsible investment offerings	The risk that our responsible investment offerings are not perceived as credible, damaging our ability to attract current and future demand for responsible investment offerings.	
The risk of being unable to accommodate clients' ESG preferences	The risk that our responsible investment offerings do not meet clients' ESG preferences, or that clients' ESG preferences are unable to be accommodated within bespoke portfolios leading to loss of existing clients / being unable to attract new clients.	
The risk of ESG investment criteria not being fully understood by clients	The risk that the investment criteria for ESG investment solutions is ambiguous to clients, and as a result holdings are out of line with client expectations, resulting in client dissatisfaction.	
Conflicts of interest in stewardship activities	The risk that our ESG stewardship activities are in conflict with clients' own interests and are not appropriately managed.	
The risk that our ESG values are not shared by our vendors and counterparties	The risk that our ESG values are undermined by our vendors and counterparties having conflicting values, damaging our reputation.	
Climate change physical and transitional risks to our funds under management	The risk that our funds under management are impacted by i) physical risks resulting in a loss in value or ii) transitional risks resulting in a loss in value, impacting investment performance and fee income.	
Climate change physical risks to Brewin Dolphin	The risk that a climate change sudden physical event impacts on Brewin Dolphin's staff or operations.	

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 to the Financial Statements.

The Directors believe that the Group is well placed to manage its business risks successfully. The Directors assess the outlook of the Group by considering its Medium-Term Plan ('MTP') as described in the viability statement below, as well as the results of a range of stress tests. The MTP takes into account the economic impact of the COVID pandemic. The stress tests, including a reverse stress, enable the modelling of the impact of a variety of external and internal events on the MTP; identify the potential impact of stress events on the Group's income, costs, cash flow and capital; and enable the Directors to assess management's ability to implement effective management actions that may be taken to mitigate the impact of the stress events (see note 2.2.2 to the 2021 Annual Report and Accounts for detail).

These tests demonstrated that the Group has adequate resources, including cash 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent company's ability to continue as a going concern for twelve months from the date the 2021 Annual Report and Accounts is signed.

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 part of preparing the MTP, the Board takes into consideration the impact of external factors and this year in particular the impact of the COVID-19 pandemic and the resulting economic uncertainty, in the projections.

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. Next year will see the introduction of the ICARA under the new Investment Firms Prudential Regime where new comparable stresses will be considered.

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 test allows 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. In order for the Group to fail, this year's test consists of individual stresses combined with additional overlays, occurring simultaneously, of a banking counterparty default and a reputational event which leads to significant outflows.

One of the individual stresses for the Group is a market-wide scenario based around the impact of the prolonged inflation experienced in the 1970's which saw global equities fall approximately 40%. Subsequent management actions include, inter alia, a significant decrease of dividend payments over the period and variable remuneration reduced to the minimum possible. Following these actions, the resultant outcome ensures the Group still maintains sufficient net assets and regulatory resources to operate as a going concern.

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.

In addition to the assessment of working capital, cashflow and capital position, the Board has considered the overall prospects of the Group including the industry and geographies within which it operates, looking at our market position, market share and growth rates and satisfied itself that they demonstrate the Group is well placed to grow sustainably into the future. These are discussed more in detail in the CEO statement and Financial Review.

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.

Consolidated Income Statement

For the year ended 30 September 2021

	Note	Group (Consolidated) 2021 £'000	2020 £'000
Revenue	4	**404,075**	359,164
Other operating income	4	**1,841**	2,283
Income		**405,916**	361,447
Staff costs		**(222,967)**	(199,485)
Amortisation of intangible assets – client relationships and brand	10	**(11,232)**	(11,072)
Onerous contracts	13	**(3,644)**	(250)
Acquisition costs		**(1,500)**	(3,600)
Incentivisation awards		**(2,015)**	(1,192)
Defined benefit pension scheme past service costs		**(360)**	–
Other operating costs		**(90,219)**	(82,056)
Operating expenses		**(331,937)**	(297,655)
Operating profit		**73,979**	63,792
Finance income	6	**454**	907
Other gains and losses		**340**	–
Finance costs	6	**(2,245)**	(2,627)
Profit before tax		**72,528**	62,072
Tax	7	**(17,210)**	(14,117)
Profit for the year		**55,318**	47,955
Attributable to:			
Equity holders of the parent		**55,318**	47,955
		55,318	47,955
Earnings per share			
Basic	9	**18.8p**	16.3p
Diluted	9	**18.3p**	15.9p

Consolidated Statement of Comprehensive Income

Year ended 30 September 2021

	Note	Group (Consolidated) 2021 £'000	2020 £'000
Profit for the year		**55,318**	47,955
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on defined benefit pension scheme		**238**	1,377
Deferred tax charge on defined benefit pension scheme surplus	14	**(1,295)**	(609)
Realised gain on disposal of equity instruments designated as at fair value through other comprehensive income		**27**	–
Tax on disposal of equity instruments designated as at fair value through other comprehensive income		**(5)**	–
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income		**–**	(5)
Deferred tax on fair value on investments in equity instruments designated as at fair value through other comprehensive income	14	**1**	–
		(1,034)	763
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		**(2,643)**	1,245
		(2,643)	1,245
Other comprehensive (expense)/income for the year net of tax		**(3,677)**	2,008
Total comprehensive income for the year		**51,641**	49,963
Attributable to:			
Equity holders of the parent		**51,641**	49,963
		51,641	49,963

Balance Sheets

As at 30 September 2021

	Note	Group (Consolidated) 2021 £'000	Group (Consolidated) 2020 £'000	Company 2021 £'000	Company 2020 £'000
Assets					
Non-current assets					
Intangible assets	10	**187,660**	174,717	**–**	–
Property, plant and equipment		**8,059**	9,723	**–**	–
Right of use assets	11	**32,324**	38,042	**–**	–
Finance lease receivables		**1,791**	1,966	**–**	–
Investment in subsidiaries		**–**	–	**241,833**	238,659
Defined benefit pension scheme		**20,822**	20,324	**–**	–
Other receivables		**–**	931	**–**	–
Total non-current assets		**250,656**	245,703	**241,833**	238,659
Current assets					
Trade and other receivables		**241,633**	241,939	**41,849**	35,042
Finance lease receivables		**174**	167	**–**	–
Financial assets at fair value through other comprehensive income		**37**	68	**–**	–
Financial assets at fair value through profit or loss		**2,974**	379	**–**	–
Current tax		**2,741**	3,909	**–**	–
Cash and cash equivalents		**188,021**	180,533	**216**	1,256
Total current assets		**435,580**	426,995	**42,065**	36,298
Total assets		**686,236**	672,698	**283,898**	274,957
Liabilities					
Trade and other payables		**258,763**	256,036	**13,626**	12,419
Lease liabilities	12	**7,766**	8,316	**–**	–
Provisions	13	**5,823**	4,798	**–**	–
Total current liabilities		**272,352**	269,150	**13,626**	12,419
Net current assets		**163,228**	157,845	**28,439**	23,879
Non-current liabilities					
Trade and other payables		**509**	459	**–**	–
Lease liabilities	12	**38,250**	45,265	**–**	–
Provisions	13	**11,322**	9,956	**–**	–
Shares to be issued		**3,807**	3,738	**3,807**	3,738
Net deferred tax liability	14	**12,737**	9,094	**–**	–
Total non-current liabilities		**66,625**	68,512	**3,807**	3,738
Total liabilities		**338,977**	337,662	**17,433**	16,157
Net assets		**347,259**	335,036	**266,465**	258,800
Equity					
Share capital	15	**3,035**	3,032	**3,035**	3,032
Share premium account	15	**58,393**	58,340	**58,393**	58,340
Own shares		**(29,723)**	(25,238)	**(29,723)**	(25,238)
Hedging reserve		**–**	–	**(24)**	(24)
Revaluation reserve		**(1)**	(2)	**–**	–
Merger reserve		**70,553**	70,553	**70,838**	70,838
Profit and loss account		**245,002**	228,351	**163,946**	151,852
Equity attributable to equity holders		**347,259**	335,036	**266,465**	258,800

The Company's total profit for the year was £48,365k (2020: £44,225k).

Approved by the Board of Directors and authorised for issue on 23 November 2021.

Signed on its behalf by

Robin Beer
Chief Executive Officer

Siobhan Boylan
Chief Financial Officer

Brewin Dolphin Holdings PLC – Company Number: 02685806

Statements of Changes in Equity

Year ended 30 September 2021

Group (Consolidated)

	Note	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
		Attributable to the equity holders of the parent							
At 30 September 2019		3,032	58,238	(25,214)	(24)	3	70,553	231,115	337,703
Effect of change in accounting policy for initial application of IFRS 16		–	–	–	–	–	–	(5,813)	(5,813)
At 1 October 2019		3,032	58,238	(25,214)	(24)	3	70,553	225,302	331,890
Profit for the year		–	–	–	–	–	–	47,955	47,955
Other comprehensive (expense)/income for the year		–	–	–	–	(5)	–	2,013	2,008
Total comprehensive (expense)/income for the year		–	–	–	–	(5)	–	49,968	49,963
Dividends	8	–	–	–	–	–	–	(48,393)	(48,393)
Issue of share capital		–	102	–	–	–	–	–	102
Own shares acquired in the year		–	–	(8,388)	–	–	–	–	(8,388)
Own shares disposed of on exercise of options		–	–	8,364	–	–	–	(8,364)	–
Share-based payments		–	–	–	–	–	–	9,779	9,779
Hedge reversal		–	–	–	24	–	–	–	24
Tax on share-based payments		–	–	–	–	–	–	59	59
At 30 September 2020		3,032	58,340	(25,238)	–	(2)	70,553	228,351	335,036
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**55,318**	**55,318**
Other comprehensive income/(expense) for the year		**–**	**–**	**–**	**–**	**1**	**–**	**(3,678)**	**(3,677)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**1**	**–**	**51,640**	**51,641**
Dividends	8	**–**	**–**	**–**	**–**	**–**	**–**	**(42,652)**	**(42,652)**
Issue of share capital	15	**3**	**53**	**–**	**–**	**–**	**–**	**(2)**	**54**
Own shares acquired in the year		**–**	**–**	**(10,689)**	**–**	**–**	**–**	**–**	**(10,689)**
Own shares disposed of on exercise of options		**–**	**–**	**6,204**	**–**	**–**	**–**	**(6,204)**	**–**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**–**	**12,587**	**12,587**
Tax on share-based payments		**–**	**–**	**–**	**–**	**–**	**–**	**1,282**	**1,282**
At 30 September 2021		**3,035**	**58,393**	**(29,723)**	**–**	**(1)**	**70,553**	**245,002**	**347,259**

1. A cumulative debit of £1,479k has been recognised in the profit and loss account reserve as at 30 September 2021 for exchange differences on translation of foreign operations (2020: £1,164k credit, 2019: £81k debit).

Company

	Note	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
		Attributable to the equity holders of the Company						
At 30 September 2019		3,032	58,238	(25,214)	(24)	70,838	154,605	261,475
Profit for the year		–	–	–	–	–	44,225	44,225
Dividends	8	–	–	–	–	–	(48,393)	(48,393)
Issue of share capital		–	102	–	–	–	–	102
Own shares acquired in the year		–	–	(8,388)	–	–	–	(8,388)
Own shares disposed of on exercise of options		–	–	8,364	–	–	(8,364)	–
Share-based payments		–	–	–	–	–	9,779	9,779
At 30 September 2020		3,032	58,340	(25,238)	(24)	70,838	151,852	258,800
Profit for the year		**–**	**–**	**–**	**–**	**–**	**48,365**	**48,365**
Dividends	8	**–**	**–**	**–**	**–**	**–**	**(42,652)**	**(42,652)**
Issue of share capital	15	**3**	**53**	**–**	**–**	**–**	**(2)**	**54**
Own shares acquired in the year		**–**	**–**	**(10,689)**	**–**	**–**	**–**	**(10,689)**
Own shares disposed of on exercise of options		**–**	**–**	**6,204**	**–**	**–**	**(6,204)**	**–**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**12,587**	**12,587**
At 30 September 2021		**3,035**	**58,393**	**(29,723)**	**(24)**	**70,838**	**163,946**	**266,465**

Cash Flow Statements

Year ended 30 September 2021

	Note	Group (Consolidated) 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Profit before tax		**72,528**	62,072	**48,365**	44,225
Adjustments for:					
Share-based payment expense		**12,587**	9,779	**–**	–
Amortisation of intangible assets – client relationships and brand	10	**11,232**	11,072	**–**	–
Amortisation of intangible assets – software	10	**3,994**	417	**–**	–
Loss on disposal of intangible assets – software	10	**115**	–	**–**	–
Depreciation of property, plant and equipment		**3,249**	3,114	**–**	–
Loss on disposal of property, plant and equipment		**421**	–	**–**	–
Depreciation of right of use assets	11	**6,371**	6,250	**–**	–
Defined benefit pension scheme past service costs		**360**	–	**–**	–
Defined benefit pension scheme cash contributions		**(313)**	(1,250)	**–**	–
Other gains and losses		**(340)**	–	**–**	1,174
Effect of changes in foreign exchange rates		**1,198**	303	**–**	–
Lease incentive		**–**	442	**–**	–
Finance income		**(399)**	(416)	**–**	–
Finance costs		**2,242**	2,607	**–**	–
Operating cash flows before movements in working capital		**113,245**	94,390	**48,365**	45,399
Increase/(decrease) in payables and provisions		**6,148**	27,237	**–**	(154)
Decrease/(increase) in receivables and trading investments		**1,496**	(27,144)	**(6,807)**	3,925
Cash generated by operating activities		**120,889**	94,483	**41,558**	49,170
Tax paid		**(11,903)**	(16,894)	**–**	–
Net cash inflow from operating activities		**108,986**	77,589	**41,558**	49,170
Cash flows from investing activities					
Purchase of intangible assets – software		**(32,679)**	(26,523)	**–**	–
Purchase of property, plant and equipment		**(1,960)**	(2,379)	**–**	–
Purchase of intangible assets – client relationships	10	**(176)**	–	**–**	–
Capital contribution to subsidiary		**–**	–	**–**	(45,449)
Purchase of financial instruments at fair value through profit and loss		**(2,255)**	–	**–**	–
Disposal of financial instruments at fair value through other comprehensive income		**58**	6	**–**	–
Acquisition of subsidiaries		**–**	(32,029)	**–**	–
Net cash used in investing activities		**(37,012)**	(60,925)	**–**	(45,449)
Cash flows from financing activities					
Dividends paid to equity shareholders	8	**(42,652)**	(48,393)	**(42,652)**	(48,393)
Repayment of lease liabilities	12	**(10,266)**	(8,765)	**–**	–
Proceeds on issue of shares	15	**54**	102	**54**	102
Purchase of own shares		**(10,689)**	(8,388)	**–**	–
Foreign exchange		**–**	–	**–**	(1,174)
Net cash used in financing activities		**(63,553)**	(65,444)	**(42,598)**	(49,465)
Net increase/(decrease) in cash and cash equivalents		**8,421**	(48,780)	**(1,040)**	(45,744)
Cash and cash equivalents at 1 October		**180,533**	229,199	**1,256**	47,000
Effect of foreign exchange rates		**(933)**	114	**–**	–
Cash and cash equivalents at 30 September		**188,021**	180,533	**216**	1,256

Notes to the Financial Statements

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 2021 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 2021 Annual Report and Accounts, which have been approved by the Board of Directors on 23 November 2021 and agreed with Ernst & Young 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 material accounting policies used are consistent with the accounting policies set out in note 3 to the 2020 Annual Report and Accounts which have been delivered to the Registrar of Companies.

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

The 2021 Annual Report and Accounts will be posted to shareholders during January 2022. 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 material accounting policies

2.1. New standards, amendments and interpretations adopted

In the current year, there have been no new standards, amendments or interpretations adopted that have had a material impact on the disclosures or amounts reported in these financial statements.

2.2. Changes in material accounting policies

There have been no changes to material accounting policies in the year.

2.3. 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:

New or revised standards		
IFRS 17	Insurance Contracts.	1 Jan 2023
Amendments		
IAS 1 – classification of liabilities.	Presentation of financial statements on classification of liabilities as current or non-current.	1 Jan 2023
Further amendments – IAS 8, IAS 12, IAS 1 and IFRS Practice Statement 2.	IAS 8 – Definition of Accounting Estimates; IAS 12 – Disclosure of Accounting Policies; and IAS 1 and IFRS Practice Statement 2 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1 Jan 2023
Further amendments – IFRS 3, IAS 16 and IAS 37.	IFRS 3 – Reference to the Conceptual Framework; IAS 16 – Proceeds before Intended Use; and IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract.	1 Jan 2022
Annual Improvements 2018 -2020; IFRS1, IFRS 9 and IAS 41.	IFRS 1 – Subsidiary as a first-time adopter; IFRS 9 – Fees in the '10 per cent' test for derecognition of financial liabilities; and IAS – Taxation in fair value measurements.	1 Jan 2022
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16.	Interest Rate Benchmark Reform – phase 2.	1 Jan 2021
Further amendment – IFRS 16.	Covid-19-Related Rent Concessions beyond 30 June 2021.	1 Apr 2021

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, 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.

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

There have been no critical judgements required in applying the Group's accounting policies in this period, apart from those involving estimations which are detailed separately below.

3.2. Key sources of estimation uncertainty

The key sources of estimation uncertainty disclosed below do not present a significant risk of material adjustment in next years' financial statements, however they are the most significant areas of estimation in the financial statements.

3.2.1. Amortisation of client relationships

The useful economic life over which client relationships are amortised is based on assumptions around the expected duration of the client relationships which is 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 £11,093k (2020: £10,933k). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £2,496k (2020: £1,862k).

3.2.2. 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 2021 Annual Report and Accounts.

The defined benefit pension scheme has a surplus of £20,822k (2020: £20,324k). See note 17 to the 2021 Annual Report and Accounts 'Defined benefit pension scheme asset recognition basis' for further detail.

3.2.3. 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 £1,244k (2020: £747k).

If all of the performance conditions were assumed to be met, the charge for the year would increase by £2,967k (2020: £3,105k); an increase of 10% in the vesting assumptions would increase the charge for the year by £480k (2020: £443k).

Further information on the scheme is disclosed in note 30 to the 2021 Annual Report and Accounts.

4. Income

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

	Group	
	2021 £'000	2020 £'000
Discretionary investment management fee income	**269,620**	237,617
Discretionary investment management commission income	**70,225**	70,033
Financial planning income	**41,623**	33,079
Execution only fee income	**4,860**	4,611
Execution only commission income[1]	**7,151**	6,684
Advisory investment management fee income	**4,430**	3,633
Advisory investment management commission income[1]	**2,782**	1,066
BPS[2] investment management fee income	**1,660**	1,335
Expert witness report service[1]	**1,724**	1,106
Revenue	**404,075**	359,164
Other operating income	**1,841**	2,283
Income	**405,916**	361,447

	2021 £'000	2020 £'000
Services transferred at a point in time	**11,657**	8,856
Services transferred over time	**392,418**	350,308
Revenue	**404,075**	359,164

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

Contract balances

The Group does not have contract assets. There are no incremental costs of obtaining a contract, and no contracts whereby 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 2021 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

The Group provides a wide range of wealth management services in the United Kingdom ('UK'), Channel Islands ('CI') and the Republic of Ireland ('ROI'). The Group's Executive Committee has been determined to be the chief operating decision maker for the purposes of making decisions regarding the allocation of resources and assessing the performance of the identified segments.

For management reporting purposes the Group currently has a single operating segment: the Wealth Management business. This forms the reportable segment of the Group for the year and consequently, the Group's Consolidated Income Statement and Consolidated Balance Sheet are monitored by the Group's Executive Committee. The accounting policies of the operating segment are the same as those of the Group. All segmental income relates to external clients.

Geographical information

For the year ended 30 September 2021

Segmental income statement

	Group		
	UK & CI business £'000	**ROI business £'000**	**Total £'000**
Revenue	**375,602**	**30,314**	**405,916**
Staff costs	**(209,870)**	**(13,097)**	**(222,967)**
Other operating costs	**(80,680)**	**(9,539)**	**(90,219)**
	85,052	**7,678**	**92,730**
Amortisation of intangible assets – client relationships and brand	**(7,993)**	**(3,239)**	**(11,232)**
Defined benefit pension scheme past service costs	**(360)**	**–**	**(360)**
Acquisition costs	**(1,500)**	**–**	**(1,500)**
Onerous contracts	**(3,644)**	**–**	**(3,644)**
Incentivisation awards	**(125)**	**(1,890)**	**(2,015)**
Operating profit	**71,430**	**2,549**	**73,979**
Net finance costs and other gains and losses	**(1,338)**	**(113)**	**(1,451)**
Profit before tax	**70,092**	**2,436**	**72,528**
Tax	**(16,341)**	**(869)**	**(17,210)**
Profit after tax	**53,751**	**1,567**	**55,318**

Segmental balance sheet

	Group		
	UK & CI business £'000	**ROI business £'000**	**Total £'000**
Net assets	**301,053**	**46,206**	**347,259**
Total assets	**627,922**	**58,314**	**686,236**
Total liabilities	**326,869**	**12,108**	**338,977**

For the year ended 30 September 2020

Segmental income statement

	Group		
	UK & CI business £'000	ROI business[1] £'000	Total £'000
Revenue	338,098	23,349	361,447
Staff costs	(189,189)	(10,296)	(199,485)
Other operating costs	(74,134)	(7,922)	(82,056)
	74,775	5,131	79,906
Amortisation of intangible assets – client relationships and brand	(8,084)	(2,988)	(11,072)
Acquisition costs	–	(3,600)	(3,600)
Onerous contracts	(250)	–	(250)
Incentivisation awards	(258)	(934)	(1,192)
Operating profit/(loss)	66,183	(2,391)	63,792
Net finance costs and other gains and losses	(1,582)	(138)	(1,720)
Profit/(loss) before tax	64,601	(2,529)	62,072
Tax	(14,453)	336	(14,117)
Profit/(loss) after tax	50,148	(2,193)	47,955

1. The Group acquired Brewin Dolphin Capital & Investments (Ireland) Limited on 31 October 2019 – see note 33 to the 2021 Annual Report and Accounts for further details.

Segmental balance sheet

	Group		
	UK & CI business £'000	ROI business £'000	Total £'000
Net assets	284,386	50,650	335,036
Total assets	612,866	59,832	672,698
Total liabilities	328,480	9,182	337,662

6. Finance income and costs

	Note	Group 2021 £'000	2020 £'000
Finance income			
Interest income on defined benefit pension scheme		**307**	324
Interest on lease receivables		**92**	92
Interest on bank deposits		**55**	491
		454	907
Finance costs			
Interest expense on lease liabilities	12	**2,036**	2,327
Unwind of discounts on provisions	13	**137**	210
Unwind of discounts on shares to be issued		**69**	70
Interest on bank overdrafts		**3**	20
		2,245	2,627

7. Income tax expense

	Note	Group 2021 £'000	2020 £'000
Current tax			
United Kingdom:			
Charge for the year		**11,905**	10,623
Adjustments in respect of prior years		**828**	(1,174)
Overseas:			
Charge for the year		**445**	67
Adjustments in respect of prior years		**347**	(70)
Total current tax		**13,525**	9,446
Deferred tax			
United Kingdom:			
Charge for the year		**4,106**	4,048
Adjustments in respect of prior years		**(515)**	889
Overseas:			
Charge for the year		**38**	(266)
Adjustments in respect of prior years		**56**	–
Total deferred tax	14	**3,685**	4,671
Tax charged to the Income Statement		**17,210**	14,117

Finance (No.2) Bill 2019-21 maintained the UK statutory corporation tax rate at 19% until 31 March 2023. From 1 April 2023 the rate will increase to 25%.

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:

	Group 2021 £'000	2020 £'000
Profit before tax	**72,528**	62,072
Tax at the UK corporation tax rate of 19% (2020:19%)	**13,780**	11,794
Tax effect of:		
Expenses that are not deductible in determining taxable profit	**2,142**	1,275
Permanent differences in respect of capital expenditure	**(693)**	163
Share-based payments	**(1,453)**	1,098
Under/(over) provision for tax in prior years	**716**	(408)
Lower tax rates of subsidiaries	**(37)**	142
Impact of deferred tax rate change	**2,755**	53
Tax expense for the year	**17,210**	14,117
Effective tax rate for the year	**23.7%**	22.7%

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.

Lower rates in subsidiaries reflects the overall impact of overseas taxes on the total tax charge of the Group. Although the Group's subsidiaries are taxed at a lower rate than the UK corporation tax rate of 19%, the impact of permanent disallowable items and prior year adjustments suffered in overseas subsidiaries has been to increase the tax suffered by the overseas subsidiaries to a rate higher than the UK statutory corporation tax rate.

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	
	2021 £'000	2020 £'000
Amounts recognised as distributions to equity shareholders in the year:		
2020/19 Final dividend paid 10 February 2021, 9.9p per share (2020: 12.0p per share)	**29,142**	35,401
2021/20 Interim dividend paid 11 June 2021, 4.6p per share (2020: 4.4p per share)	**13,510**	12,992
	42,652	48,393
Proposed final dividend for the year ended 30 September 2021 of 11.1p (2020: 9.9p) per share based on shares in issue at 18 November 2021 (2020: 19 November 2020)	**32,625**	29,242

The proposed final dividend for the year ended 30 September 2021 of 11.1p 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 9,594,749 Ordinary Shares representing 3.2% 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

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

	Group	
	2021 '000	2020 '000
Number of shares		
Basic		
Weighted average number of shares in issue in the year	**293,785**	295,012
Diluted		
Effect of weighted average number of options outstanding for the year	**8,769**	6,110
Effect of estimated weighted average number of shares earned under deferred consideration arrangements	**343**	–
Diluted weighted average number of options and shares for the year	**302,897**	301,122

	£'000	£'000
Earnings attributable to ordinary shareholders		
Profit for the purpose of basic earnings per share	**55,318**	47,955
Finance costs of deferred consideration[1]	**69**	–
less tax effect of above	**(13)**	–
Profit for the purpose of diluted earnings per share	**55,374**	47,955
Amortisation of intangible assets – client relationships and brand	**11,232**	11,072
Onerous contracts	**3,644**	250
Acquisition costs	**1,500**	3,600
Incentivisation awards	**2,015**	1,192
Defined benefit pension scheme past service costs	**360**	–
Other gains and losses	**(340)**	–
less tax effect of above	**(1,583)**	(1,918)
Adjusted profit for the purpose of diluted earnings per share	**72,202**	62,151
Finance costs of deferred consideration[1]	**(69)**	–
less tax effect of above	**13**	–
Adjusted profit for the purpose of basic earnings per share	**72,146**	62,151

Earnings per share		
Basic	**18.8p**	16.3p
Diluted	**18.3p**	15.9p

Adjusted earnings per share		
Basic	**24.6p**	21.1p
Diluted	**23.8p**	20.6p

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

10. Intangible assets

	Group				
	Goodwill £'000	Client relationships £'000	Brand £'000	Software costs[1] £'000	Total £'000
Cost					
At 30 September 2019	52,733	156,656	1,388	30,483	241,260
Additions	2,064	32,067	–	33,157	67,288
Exchange differences	106	1,670	–	–	1,776
At 30 September 2020	54,903	190,393	1,388	63,640	310,324
Additions	**–**	**337**	**–**	**29,625**	**29,962**
Exchange differences	**(113)**	**(1,769)**	**–**	**–**	**(1,882)**
Disposals	**–**	**–**	**–**	**(8,620)**	**(8,620)**
At 30 September 2021	**54,790**	**188,961**	**1,388**	**84,645**	**329,784**
Accumulated amortisation and impairment losses					
At 30 September 2019	–	106,166	69	17,779	124,014
Amortisation charge for the year	–	10,933	139	417	11,489
Exchange differences	–	104	–	–	104
At 30 September 2020	–	117,203	208	18,196	135,607
Amortisation charge for the year	**–**	**11,093**	**139**	**3,994**	**15,226**
Exchange differences	**–**	**(204)**	**–**	**–**	**(204)**
Disposals	**–**	**–**	**–**	**(8,505)**	**(8,505)**
At 30 September 2021	**–**	**128,092**	**347**	**13,685**	**142,124**
Net book value					
At 30 September 2021	**54,790**	**60,869**	**1,041**	**70,960**	**187,660**
At 30 September 2020	54,903	73,190	1,180	45,444	174,717
At 30 September 2019	52,733	50,490	1,319	12,704	117,246

1. £57,981k is under construction.

Client relationship additions are made up as follows:

	Group	
	2021 £'000	2020 £'000
Cash paid for client relationships acquired in current year	**176**	32,029
Deferred consideration for client relationships acquired in current year	**174**	–
Fair value adjustment	**–**	38
Adjustment for client relationships acquired in previous years	**(13)**	–
Total additions	**337**	32,067

On 30 July 2021, Brewin Dolphin Limited, the Group's principal operating subsidiary purchased client relationships from an IFA based in Exeter, for an initial payment of £176k and an estimated deferred consideration of £176k subject to performance conditions. The fair value of the deferred consideration recognised is £174k.

Goodwill impairment testing

The Group has revised its methodology for identifying cash-generating units ('CGUs') for the purpose of goodwill impairment testing. In prior reporting periods goodwill impairment tests were performed for groups of CGUs based at the branch level. Following a re-assessment of this approach, goodwill impairment testing is now performed for groups of CGUs defined at the geographical operating segment level for the Wealth Management business, as reported in note 5, Segmental information. This means the Group has 2 CGUs which are the UK & CI business and ROI business, reflecting how business performance and operations are considered, controlled and assessed by management.

In accordance with IFRS, the Group performs impairment testing for goodwill on an annual basis, at 30 September, or more frequently when there are impairment indicators. Client relationships and brand intangible assets are reviewed for indicators of impairment at each reporting date.

The tables below show the goodwill allocated to groups of CGUs and the significant client relationship assets.

Goodwill allocation to CGUs:

	Group £'000
UK & CI business	52,732
ROI business	2,058
Carrying amount at 30 September 2021	**54,790**

	Group	
	Groups of CGUs	£'000
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
BD Ireland	1	2,170
Other Branches	17	23,068

Carrying amount at 30 September 2020	22	54,903

Significant client relationship intangible assets:

	Group	
	2021 £'000	2020 £'000
Brewin Dolphin Wealth Management Limited[1]	**7,800**	9,414
Brewin Dolphin Capital and Investments (Ireland) Limited[2]	**25,841**	30,645
BD Ireland	**33,641**	40,059
South East investment management team[3]	**9,511**	13,154
Bath branch[4]	**14,766**	16,645
Other investment management teams[5]	**2,951**	3,332
Carrying amount at 30 September	**60,869**	73,190

1. Amortisation period remaining 4 years 10 months as at 30 September 2021.
2. Amortisation period remaining 8 years 1 months as at 30 September 2021.
3. Amortisation period remaining 2 years 7 months as at 30 September 2021.
4. Amortisation period remaining 7 years 10 months as at 30 September 2021.
5. None of the constituent parts of the 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 is performed for groups of CGUs at the geographical operating segment level for the Wealth Management business, as reported in note 5, Segmental information. Client relationships and brand impairment testing is performed for each relevant CGU where there are indicators of impairment. At 30 September 2021 there were no indicators of impairment for client relationships and brand intangible assets.

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%.

Following the impairment testing of goodwill, it was determined that none of the goodwill held by the Group was impaired. All of the CGUs within the Group have headroom, where the fair value less costs to dispose ('FVLCTD') is in excess of the carrying value.

Sensitivity analysis of the key assumptions

All of the CGUs within the Group have significant 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. Leases

Group

With the exception of short-term leases and leases of low-value underlying assets, contracts that contain a lease are reflected on the Consolidated Balance Sheet as either a Right of Use ('ROU') asset or a finance lease receivable with a corresponding lease liability.

The majority of the Group's ROU assets are in respect of leases for the offices it occupies ('property leases'). The property leases generally have a term ranging from 5 to 15 years. There were three new property leases in the year. The property leases require the Group to keep the properties in a good state of repair and to return the offices in their original condition at the end of the lease. The average remaining lease term is 4.3 years for the property leases. The Group entered into a new lease for printers during the year.

The Group signed an agreement to lease 25 Cannon St, London in 2019. The lease for 25 Cannon St is yet to commence and subsequently a ROU asset and corresponding lease liability have not been recognised.

Right of use assets

	Note	Group £'000
Cost		
At 30 September 2019		n/a
Effect of change in accounting policy for initial application of IFRS 16		43,305
At 1 October 2019		43,305
Additions		1,932
Transfer to finance lease receivable		(945)
At 30 September 2020		44,292
Lease modifications and rent reviews		**(176)**
Disposals		**(733)**
Additions		**1,549**
Exchange differences		**(32)**
At 30 September 2021		**44,900**
Accumulated depreciation and impairment losses		
At 30 September 2019		n/a
Effect of change in accounting policy for initial application of IFRS 16		–
At 1 October 2019		–
Charge for the year		6,250
At 30 September 2020		6,250
Charge for the year		**6,371**
Disposals		**(38)**
Exchange differences		**(7)**
At 30 September 2021		**12,576**
Net book value		
At 30 September 2021		**32,324**
At 30 September 2020		38,042

Amounts recognised in the Income Statement

	Note	Group 2021 £'000	2020 £'000
Depreciation expense on ROU assets		**6,371**	6,250
Interest expense on lease liabilities	6	**2,036**	2,327
Expenses relating to short-term leases		**428**	653
Expenses relating to low-value assets		**14**	25
Income from subleasing ROU assets recognised as operating leases		**692**	572

12. Lease liabilities

	Group 2021 £'000	2020 £'000
Current	**7,766**	8,316
Non-current	**38,250**	45,265
Lease liabilities	**46,016**	53,581

Maturity analysis of lease payments

	Group 2021 £'000	2020 £'000
Less than 1 year	**9,378**	10,216
1 to 2 years	**8,357**	9,261
2 to 3 years	**7,998**	8,095
3 to 4 years	**7,702**	7,788
4 to 5 years	**5,052**	7,617
Greater than 5 years	**15,139**	20,300
Total lease payments	**53,626**	63,277
Finance charges	**(7,610)**	(9,696)
Lease liabilities	**46,016**	53,581

Reconciliation of lease liability:

	Note	Group 2021 £'000	2020 £'000
At 1 October		**53,581**	57,784
Non-cash:			
Additions		**1,527**	2,235
Disposal of ROU assets, lease modifications and rent reviews		**(862)**	–
Unwind of discount	6	**2,036**	2,327
Cash:			
Repayments		**(10,266)**	(8,765)
At 30 September 2021		**46,016**	53,581

13. Provisions

	Group At 30 September 2020 £'000	Additions £'000	Utilisation of provision £'000	Unwinding of discount £'000	Unused amounts reversed £'000	**At 30 September 2021 £'000**
Sundry claims and associated costs	397	**216**	**(239)**	**–**	**(57)**	**317**
Onerous contracts	1,382	**999**	**(197)**	**2**	**–**	**2,186**
Social security and levies on share awards	2,805	**3,099**	**(757)**	**–**	**(73)**	**5,074**
Incentivisation awards	1,420	**1,951**	**–**	**9**	**–**	**3,380**
Deferred and/or contingent consideration	6,587	**174**	**(2,847)**	**80**	**(13)**	**3,981**
Leasehold dilapidations	2,163	**99**	**(74)**	**46**	**(27)**	**2,207**
	14,754	**6,538**	**(4,114)**	**137**	**(170)**	**17,145**

	Group Current liability £'000	Non-current liability £'000	Total £'000
Sundry claims and associated costs	**317**	**–**	**317**
Onerous contracts	**1,305**	**881**	**2,186**
Social security and levies on share awards	**2,066**	**3,008**	**5,074**
Incentivisation awards	**2,019**	**1,361**	**3,380**
Deferred and/or contingent consideration	**–**	**3,981**	**3,981**
Leasehold dilapidations	**116**	**2,091**	**2,207**
At 30 September 2021	**5,823**	**11,322**	**17,145**
At 30 September 2020	4,798	9,956	14,754

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 costs such as rates, service charges and professional fees. Rent is accounted for under IFRS 16.

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 recoverable costs such as service charges from the subtenant has been included in the valuation. The longest lease term has 11.5 years remaining.

Additions of £999k have been made to the provision in the year. The additions include expected future costs of £960k relating to 25 Cannon St, London and £39k for other leases identified as onerous in prior periods.

The Group signed an agreement to lease 25 Cannon St, London in 2019. During the current year, management decided not to proceed with moving the current London office to 25 Cannon St. The lease for 25 Cannon St is yet to commence and subsequently a ROU asset and corresponding lease liability have not been recognised.

The Group has recognised onerous contract costs of £3,644k (2020: £250k) in the Income Statement, the majority of this expense, £3,605k, is attributable to 25 Cannon St. The costs associated with obtaining the 25 Cannon St lease (other receivables - £921k) and the leasehold improvements (£421k) capitalised on the Balance Sheet of 30 September 2020 have been expensed in the current year and further costs incurred in the current year (£1,303k) plus the provision of £960k have been expensed.

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 which will occur over the next 8 years which is the latest point at which exercise can occur for the award with the latest exercise period

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, the incentivisation awards are payable in tranches with the final tranche to paid in December 2023.

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 with the majority of the provision to be paid in December 2022 and the last payment to be made in August 2024.

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 11.5 years.

14. 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 £1,295k has been debited to other comprehensive income (2020: £609k debited). Deferred tax on share-based payments of £1,236k has been credited to profit and loss reserves (2020: £252k debited).

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 2019	964	(1)	828	(2,953)	3,703	31	(5,271)	(2,699)
Effect of change in accounting policy for initial application of IFRS 16	–	–	1,323	–	–	–	–	1,323
At 1 October 2019	964	(1)	2,151	(2,953)	3,703	31	(5,271)	(1,376)
Acquired on acquisition of subsidiary	–	–	1,930	–	–	–	–	1,930
Additions	–	–	–	–	–	–	(4,008)	(4,008)
Exchange rate movement	–	–	101	–	–	–	(209)	(108)
(Charge)/credit in the year to the Income Statement	(107)	–	(63)	(299)	(211)	55	(4,046)	(4,671)
Charge in the year to the Statement of Comprehensive Income	–	–	–	(609)	–	–	–	(609)
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(252)	–	–	(252)
At 30 September 2020	857	(1)	4,119	(3,861)	3,240	86	(13,534)	(9,094)
Exchange rate movement	**–**	**–**	**(101)**	**–**	**–**	**–**	**201**	**100**
(Charge)/credit in the year to the Income Statement	**(4)**	**–**	**(646)**	**(49)**	**2,781**	**285**	**(6,052)**	**(3,685)**
Credit/(charge) in the year to the Statement of Comprehensive Income	**–**	**1**	**–**	**(1,295)**	**–**	**–**	**–**	**(1,294)**
Charge in the year to the Statement of Changes in Equity	**–**	**–**	**–**	**–**	**1,236**	**–**	**–**	**1,236**
At 30 September 2021	**853**	**–**	**3,372**	**(5,205)**	**7,257**	**371**	**(19,385)**	**(12,737)**

Deferred income taxes are calculated using substantially enacted rates of UK corporate tax expected to be in force at the time assets are realised. Following the Finance Bill 2021 announcing an increase in the rate of corporation tax in the UK from 19% to 25% from 1 April 2023, deferred tax liabilities have been remeasured during the year, the blended deferred tax rate is 19.9%.

15. Share capital and share premium

	Group and Company			
	2021 No.	2020 No.	**2021 £'000**	2020 £'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	**303,504,838**	303,234,190	**3,035**	3,032

During the year the following shares were issued:

			Group and Company			
	Date	No. of shares	Exercise/issue price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 1 October 2020		303,234,190		3,032	58,340	61,372
Issue of shares to satisfy LTIP awards	10/12/2020	233,644	1.0p	**2**	**–**	**2**
Issue of options	Various	37,004	131.3p -148.0p	**1**	**53**	**54**
At 30 September 2021		**303,504,838**		**3,035**	**58,393**	**61,428**

16. Risk management

Overview

This note presents information about the Group's:

- exposure to each of the key risks (market risk, credit risk and liquidity risk) arising from the use of financial instruments;
- policies and procedures for measuring and managing risk; and

- 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 provide the Audit Committee with regular reports based on a structured programme of reviews agreed annually with the Committee, this includes reviews of risk management processes and recommendations to improve the control environment.

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 ('BDWM') regulated by the Central Bank of Ireland. The Jersey branch of BDL is regulated by the Jersey Financial Services Commission. There is one further regulated entity in the Group which is dormant, Brewin Dolphin Capital & Investments (Ireland) Limited, a wholly owned subsidiary of BDWM.

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:

	2021 £'000	2020 £'000
Share capital	**3,035**	3,032
Share premium account	**58,393**	58,340
Own shares	**(29,723)**	(25,238)
Revaluation reserve	**(1)**	(2)
Merger reserve	**70,553**	70,553
Profit and loss account	**245,002**	228,351
	347,259	335,036
Shares to be issued	**3,807**	3,738
Regulatory capital resources before deductions	**351,066**	338,774
Deduction – Intangible assets (net of deferred tax liability)	**(168,275)**	(161,183)
Deduction – Defined benefit pension scheme asset (net of deferred tax liability)	**(15,617)**	(16,463)
Deduction – Free deliveries	**(122)**	(10)
Total regulatory capital resources after deductions at 30 September	**167,052**	161,118

Information disclosure under Pillar 3 of the Capital Requirements Directive is published annually on the Group's website (www.brewin.co.uk).

Material accounting policy information

Details of the material accounting policy information, 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 2.20 to the 2021 Annual Report and Accounts.

Categories of financial instruments

	Carrying value			
	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets				
Financial assets at FVTOCI	**37**	68	**–**	–
Financial assets at FVTPL	**2,974**	379	**–**	–
Non-current finance lease receivables	**1,791**	1,966	**–**	–
Current finance lease receivables	**174**	167	**–**	–
Non-current receivables	**–**	931	**–**	–
Current loans and receivables	**234,972**	239,096	**41,849**	35,042
Cash and cash equivalents	**188,021**	180,533	**216**	1,256
At 30 September	**427,969**	423,140	**42,065**	36,298
Financial liabilities				
Shares to be issued including premium	**3,807**	3,738	**3,807**	3,738
Financial liabilities at FVTPL – deferred and contingent consideration	**3,981**	6,587	**–**	–
Other financial liabilities at amortised cost	**285,733**	291,093	**7,334**	7,334
At 30 September	**293,521**	301,418	**11,141**	11,072

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 18 to the 2021 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 £273k (2020: £870k).

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') and its subsidiary Brewin Dolphin Capital & Investments (Ireland) Limited, both based in the Republic of Ireland, together 'Brewin Dolphin Ireland'. At the year end Brewin Dolphin Ireland had net assets of £46.2m (2020: £50.6m) 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.

Equity price risk

The Group is exposed to equity price risk arising from both FVTOCI and FVTPL investments (see note 19 to the 2021 Annual Report and Accounts.).

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 2021 would have been £146k higher/lower (2020: £1.9k 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 2021 would increase/decrease by £1.9k (2020: increase/decrease by £4.3k) 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 30 to 95 day notice accounts. Client deposits are fully segregated from the Group's deposits and held in separate accounts. During the year a 0.1% increase in base rate would have increased pre-tax profit by £104k (2020: £109k), this is based on the average cash balance throughout the year multiplied by 0.1%.

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 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. The Group utilises a panel of five internally approved major banking groups and the majority of cash is currently spread across all five on the panel, excluding Brewin Dolphin Wealth Management Limited and its subsidiaries.

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 trade size in the current year of £17,182 (2020: £16,971).

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the year end was £180k (2020: £392k). Collateral valued at fair value by the Group in relation to these impaired assets was £42k (2020: £59k). 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 18 to the 2021 Annual Report and Accounts.). Note 18 to the 2021 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 Delivery Versus Payment 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 (2020: none).

Loans to employees are repayable over a maximum of three years (see note 18 to the 2021 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 long-term credit rating of A- (S&P) / A3 (Moody's) / A- (Fitch), excluding Brewin Dolphin Wealth Management Limited and its subsidiaries (which comprise the 'Below A-' column below). 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:

	AA	AA-	A+	A	A-	Below A-
Cash and cash equivalents	1.1%	1.4%	37.7%	49.3%	0.0%	10.5%

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 Group's 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 conducted at least annually 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 2021, the Group had access to a revolving credit facility of £10m which is undrawn (2020: £10m).

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.

The following are the undiscounted cash flows of financial liabilities so will not always reconcile with the amounts disclosed on the Balance Sheet. The undiscounted cash flows are based on the earliest date on which payment is required.

At 30 September 2021

	Group					
	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	**–**	**–**	**–**	**3,875**	**–**	**3,875**
Financial liabilities at FVTPL – deferred and contingent consideration	**–**	**–**	**–**	**4,051**	**–**	**4,051**
Other financial liabilities at amortised cost	**171,235**	**46,486**	**30,193**	**30,292**	**15,138**	**293,344**
	171,235	**46,486**	**30,193**	**38,218**	**15,138**	**301,270**

At 30 September 2020

	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	–	–	–	3,875	–	3,875
Financial liabilities at FVTPL – deferred and contingent consideration	–	–	2,859	3,875	–	6,734
Other financial liabilities at amortised cost	181,387	34,564	29,900	34,641	20,300	300,792
	181,387	34,564	32,759	42,391	20,300	311,401

At 30 September 2021

	Company					
	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	**–**	**–**	**–**	**3,875**	**–**	**3,875**
Other financial liabilities at amortised cost	**7,334**	**–**	**–**	**–**	**–**	**7,334**
	7,334	**–**	**–**	**3,875**	**–**	**11,209**

At 30 September 2020

	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	–	–	–	3,875	–	3,875
Other financial liabilities at amortised cost	7,334	–	–	–	–	7,334
	7,334	–	–	3,875	–	11,209

Fair value measurement recognised on the Balance Sheet

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

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

Fair value hierarchy

At 30 September 2021

	Group			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at FVTPL				
Equities	**2,974**	**–**	**–**	**2,974**
Financial assets at FVTOCI				
Equities	**–**	**–**	**37**	**37**
Total	**2,974**	**–**	**37**	**3,011**

At 30 September 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Equities	379	–	–	379
Financial assets at FVTOCI				
Equities	–	–	68	68
Total	379	–	68	447

Sensitivity analysis

Sensitivity analyses for Level 3 assets have not been carried out due to the immateriality of the balance.

17. 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:

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Bell Lawrie White & Co. Limited	**–**	–	**2,434**	2,434
Brewin Dolphin Limited	**41,849**	35,042	**–**	–
Brewin Broking Limited	**–**	–	**4,900**	4,900
	41,849	35,042	**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 £45m (2020:£45.5m) from Brewin Dolphin Limited and £3.47m (2020: £nil) from Brewin Dolphin Wealth Management Limited.

The Group companies did not enter into any transactions with related parties who are not members of the Group during the year.

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:

	Group	
	2021 £'000	2020 £'000
Short-term employee benefits	**4,598**	4,646
Post-employment benefits	**22**	22
Share-based payment:		
Lapses where KMP have left the Group	**-**	(109)
Continuing KMP	**1,523**	1,221
	6,143	5,780

The remuneration of individual Directors is set out in the Directors' Remuneration Report to the 2021 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.

18. Annual General Meeting

The Annual General Meeting will be held at our London Office, 12 Smithfield Street, EC1A 9lA on 4 February 2022 at 10:30am and will also be broadcast via a live webinar.

19. Forward-looking statements

This announcement contains certain forward-looking statements with respect to the Brewin Dolphin's Group's financial condition, operations, and business opportunities. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. 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 the Brewin Dolphin's Group's 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. Any forward-looking statements made in this Announcement by or on behalf of the Brewin Dolphin Group speak only as of the date they are made. Except as required by applicable law or regulation, the Brewin Dolphin Group expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Brewin Dolphin Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.