

Brewin Dolphin Holdings PLC
Annual Report and Accounts 2014



BREWIN DOLPHIN

Brewin Dolphin provides a range of Investment Management, Financial Advice and Execution Only services in the UK and Channel Islands and Republic of Ireland.

“2014 was a year in which good financial and operational progress was made as reflected in both the adjusted profit before tax margin of 20.7% and in improved cash generation. Improving revenue and efficiency are our strategic goals and we have made good progress towards our stated targets. In the process, we reassessed a significant software project and this has resulted in a material impairment charge. Nevertheless, we are well positioned for success and I remain confident that we have the right people to deliver our plans for growth throughout the business.”

David Nicol
Chief Executive

Investment proposition

- Trends for our markets are positive.
- Respected business founded on tradition of investment expertise and trusted advice for clients.
- Opportunity to capitalise on our reputation and scale to further expand our services.
- Transformation strategy progressing to strengthen business.

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"We continue to have the right strategy and the long-term prospects for the business are bright."

Simon Miller
Chairman



"We have made good progress on transforming the business, with much still to do."

David Nicol
Chief Executive



"Continued growth reflects the excellence and commitment of our people and how clients value our expertise."

Stephen Ford
Head of Investment Management



"Our financial strength and discipline underpin the progress we are making."

Andrew Westenberger
Finance Director



For more information visit our website

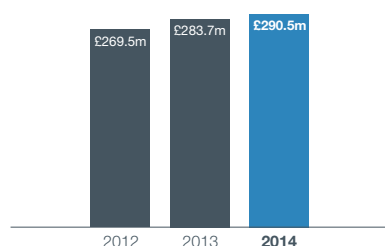
www.brewin.co.uk

Financial Highlights

Total income

£290.5m

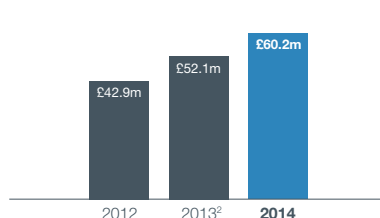
+2%



Adjusted¹ profit before tax ('PBT')

£60.2m

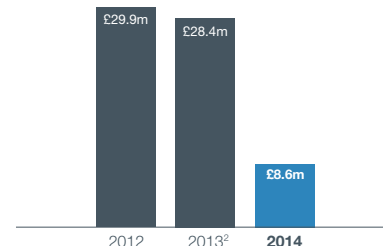
+16%



Statutory PBT

£8.6m

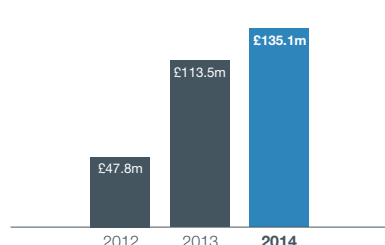
-70%



Net cash

£135.1m

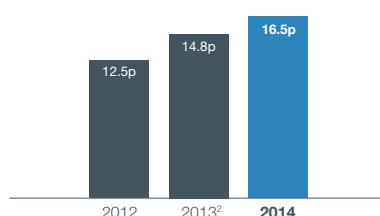
+19%



Adjusted¹ earnings per share – diluted

16.5p

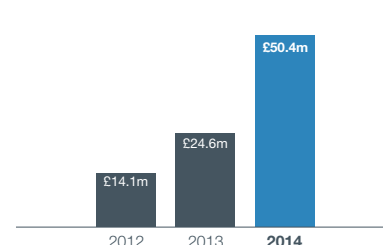
+11%



Free cash flow³

£50.4m

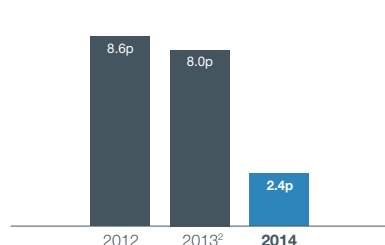
+105%



Earnings per share – diluted

2.4p

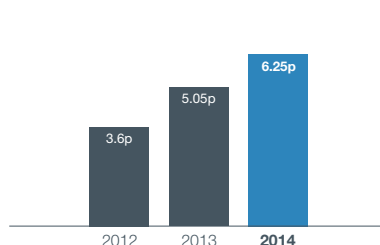
-70%



Final dividend

6.25p

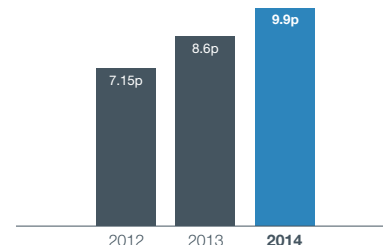
+24%



Full year dividend

9.9p

+15%



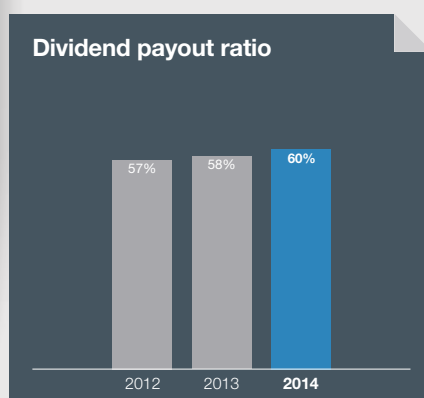
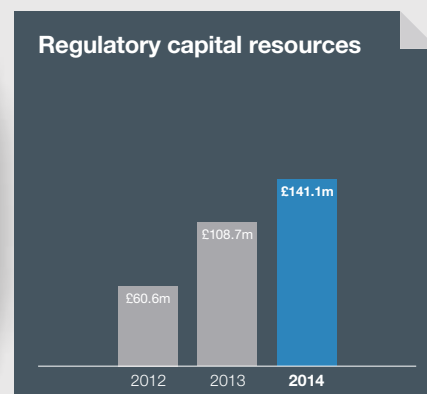
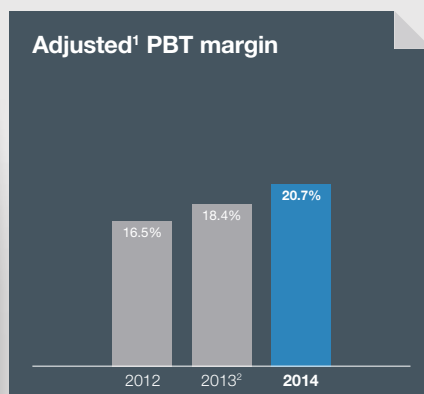
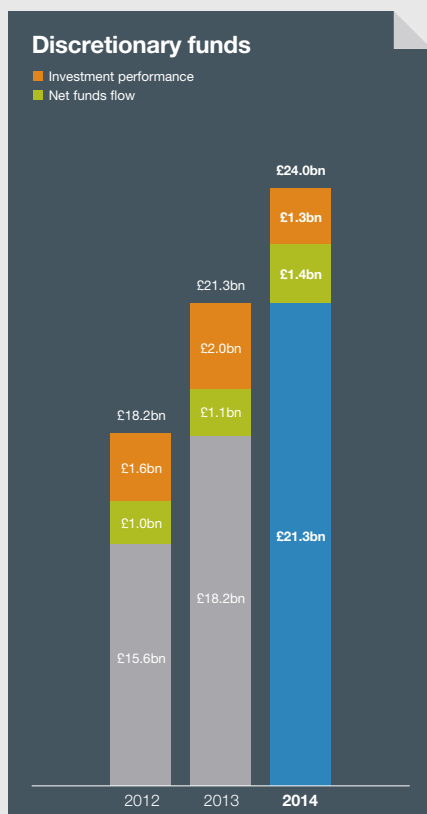
¹ These figures have been adjusted to exclude redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investments.

² Restated following the adoption of IAS 19 – Employee Benefits (revised 2011), refer to note 2(a) of the Financial Statements.

³ Operating cash flow net of investing activities such as capital expenditure.

Business Highlights

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Strategy

The Group's strategy has four main areas of priority:

- Growth through new clients;
- Improving the efficiency of the business;
- Improving shareholder returns by aligning dividend growth with underlying earnings; and
- Ensuring we maintain sufficient capital and financial strength to deliver the strategy.

Progress in 2014

- Overall good progress on improving business performance and profitability.
- Material increase in exceptional costs from the change to technology plans resulted in steep decline in statutory PBT.

Growth

- Funds under Management for our core Discretionary service grew by 7% from net inflows of client funds in the year.
- Developed Managed Funds Service for professional intermediaries with £0.3 billion inflows in the year.

Efficiency

- Good progress on achieving the margin target for adjusted PBT of 25% by end of 2016.
- Progress on various initiatives to streamline and standardise the way the business operates such as rationalisation of the branch network.

- Further investment in strengthening the business:
 - Enhanced advice process for private clients designed with implementation commenced during the year.
 - Management further strengthened in key areas: client service, risk and business operations.
- Significant change to technology strategy in the year:
 - Planned implementation during the year of major new operating system limited to Execution Only business.
 - Resulted in a material substantial write-off (£33.7 million – see page 22).
 - New technology plans established which will better support strategy (see page 15).

¹ These figures have been adjusted to exclude redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investments.

² Restated following the adoption of IAS 19 – Employee Benefits (revised 2011), refer to note 2(a) of the Financial Statements.

Chairman's Statement

Dear Shareholder,

It gives me pleasure to report a year of solid achievement, providing value for our clients and returns to our shareholders. Progress continues to be made in the streamlining of the business and this has been reflected in the improving profit margin.



Simon Miller
Chairman

Focus

Our focus remains unchanged. It is to be the leading provider of Discretionary Wealth Management in the UK. We are committed to providing our clients with the highest possible level of customer service. They are at the heart of what we do and, in the coming year, we will seek further opportunities to engage with them. In so doing we are driving organic growth in the business and, by simultaneously focusing on efficiency, returns to shareholders will improve in line with earnings.

Board

In my 2013 report I mentioned the work being done to reshape the Board. This process has continued. Since becoming Chairman, I have been determined to ensure that we have a Board that provides a channel for discussion with shareholders, maintains a good relationship with regulators and sets the tone for everything the business does. The board of a financial services firm needs to be strong in relevant expertise, not only to support the Management Team, but also to provide appropriate challenge. Accordingly, we took a number of steps in 2014 to further strengthen the Board.

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Angela Knight has been appointed Senior Independent Director and Ian Dewar the Chairman of the Audit Committee. In addition two new Non-Executive Directors, Paul Wilson and Caroline Taylor have joined the Board, with Paul Wilson taking on the Chairmanship of the Remuneration Committee. I am confident that these appointments, together with the steps that we have taken to strengthen the senior management team, will ensure that we have a Board that is well placed to oversee the activities of Brewin Dolphin.

Michael Williams and Sir Stephen Lamport have announced their intention to step down from the Board at the AGM in February 2015. Michael has made an enormous contribution to Brewin Dolphin and has been an active member of the Board since the firm's incorporation in 1987. His unstinting loyalty and huge experience will be missed from the Board. He intends to continue to devote his time to his clients. Sir Stephen has decided to step down after seven years as a Director during which time he has set up and chaired our new Corporate Responsibility Committee. His support and advice over a period of change have proved invaluable.

Technology

In May, after a comprehensive review, we announced the decision to terminate the roll out of a new operating system into the Discretionary Wealth business. This was not an easy decision for the Board to make, but one which we believe was correct and in the long-term interests of shareholders, clients, and employees. In August, we announced full and final settlement of outstanding contractual obligations. We look forward to working with our incumbent technology providers to ensure that our systems remain appropriate for the needs of the business.

Margin improvement is being brought about by standardisation and simplification in the business, allied to our focus on growth. We will continue to invest in technology solutions, but as an enabler of our current strategy, rather than as the primary driver of continuing improvement.

Regulatory

We are a growing business working within an ever changing regulatory landscape that has led to increased scrutiny of financial services firms. Proactive engagement has enabled us to work closely with the regulator as it shapes guidance in the interests of our clients. We are particularly encouraged by the Financial Conduct Authority's ('FCA') recent consultation ('Clarifying the boundaries and exploring the barriers to market development') and we continue to engage with the regulator as this guidance is finalised.

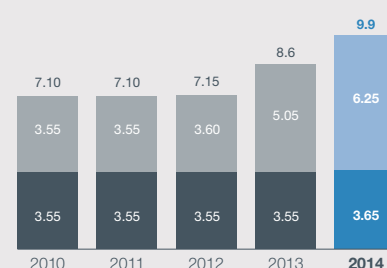
Employees

Delivering strong results while improving efficiency is a challenge. The Executive Management Team has driven considerable change throughout the organisation, achieved with the skill and commitment of our staff. It remains for me to thank all of our employees for their contribution and dedication that has enabled us to deliver these results.

Dividend

The Board is proposing a final dividend of 6.25p per share, to be paid on 23 March 2015 to shareholders on the register on 6 March 2015. This will bring the total dividend for the period to 9.9p per share (2013: 8.6p).

Dividend history: pence per share



Shareholders

We endeavour to maintain an effective and regular dialogue with our shareholders. The views of our shareholders help shape our decision making.

This year's AGM will be held at 11.30 am on 20 February 2015 at the Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. I very much hope you are able to attend.

Simon Miller
Chairman

2 December 2014



Biographies of each Director are shown on pages 36 and 37

Strategic Report

In this section

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Business Description

Brewin Dolphin is one of the largest providers of Investment Management services in the UK, Channel Islands and the Republic of Ireland. We have historically offered a range of services from managing portfolios on an Advisory or Discretionary basis (our primary services) to dealing, without advice (Execution Only) and with advice (Advisory Dealing). Our clients are mainly individuals, but also include Charities, Trusts, Institutions and Financial Intermediaries.

In recent years, we have developed a Financial Planning service which we offer to clients, increasingly on an integrated basis with our Investment Management service.

Over the past decade, the business has changed from predominantly offering Execution Only and Advisory Dealing services to one which is now focused on Discretionary Investment Management, and increasingly Financial Planning. This is evidenced by the significant growth in discretionary client funds which now make up 82% of our managed funds, compared to circa 40% in 2004. We have recently developed a Managed Funds Service for smaller client accounts, both our own and those introduced via financial intermediaries.

Our business model is based on providing a personal Wealth Management service delivered through our Investment Managers and Financial Planners.

Our Investment Managers are responsible for both the investment decisions on behalf of their clients and for directly managing the relationship with their clients. This model is increasingly rare, but one we believe has always ensured the best outcomes for our clients.

Our Discretionary Investment Management service is based on three key areas:

1. Client assessment process

Understanding our clients, both existing and potential; their financial position; attitude to investment risk; and financial needs and expectations.

2. Advice process

Advising clients (based on the above client assessment process) on how our services may be suitable to them and if so the recommended strategy.

3. Investment process

The investment process is central to our service. As an independently owned business without in-house products we can operate a whole-of-market approach to investment. Our personal service is underpinned by both our award winning in-house research and firm-wide investment process which provides an asset allocation framework within which our Investment Managers have the flexibility to tailor portfolios to each individual clients' needs.

The advice we offer is comprehensive. A complete Wealth Management service for private client portfolios, incorporating Individual Savings Accounts, Self-Invested Personal Pensions and Estate Planning through to specialised investment mandates on behalf of Charities, Pension Funds and Institutions.

Over the past 12 months we have made further improvements to our client assessment processes (see page 11) to ensure we continue to offer the best advice service for our clients. This includes the use of improved client fact finding and the introduction of risk profiling software to support a consistent, group-wide approach to risk assessment. The enhanced process is being implemented for all existing private clients over the course of the next six months.

Direct clients

Direct clients make up 84% of our total Managed/Advised Funds under Management.

We have 60 Financial Planners and 427 Investment Managers, many of whom hold chartered status.

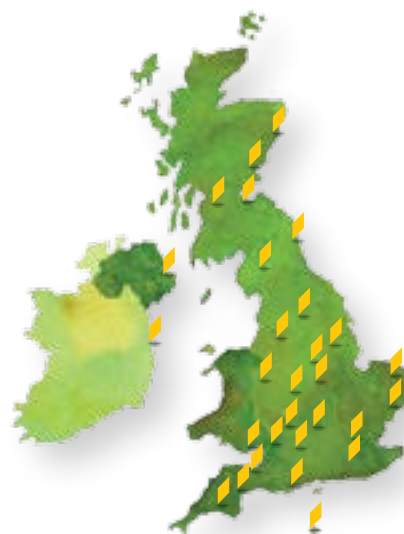
Financial and professional intermediaries

Over time we have increasingly engaged with external financial advisers who, where appropriate, introduce their clients to our services. There are currently 1,300 Financial Advice firms in the Group's network. At the year end we held £4.7 billion (including £4.5 billion in our Discretionary service) in accounts managed on behalf of the clients of financial intermediaries.

Self-directed clients

Self-directed clients are those who wish to manage their investments without any advice. Brewin Dolphin's Execution Only services currently have Assets under Administration ('AuA') of £7.4 billion.

Local presence and proximity to our clients have always been a key to our business and this helps us maintain a high level of personalised service. We provide our service via 29 offices with the support of 1,775 employees.



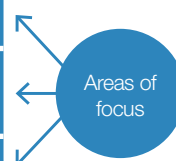
Office locations

1. Aberdeen	11. Shrewsbury	21. Leicester
2. Dundee	12. Birmingham	22. Oxford
3. Edinburgh	13. Cheltenham	23. Marlborough
4. Glasgow	14. Bristol	24. Bournemouth
5. Penrith	15. Cardiff	25. Reigate
6. Newcastle	16. Taunton	26. London
7. Manchester	17. Exeter	27. Ipswich
8. Leeds	18. Plymouth	28. Norwich
9. Belfast	19. Nottingham	29. Jersey
10. Dublin	20. Lincoln	

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Summary of services

Service type	Client type
Discretionary Investment Management	Private Clients, Charities, Trustees, Financial Intermediaries
Integrated Investment Management	Discretionary Investment Management + Financial Planning Private Clients
Managed Funds Service	Private Clients, Financial Intermediaries
Advisory	Private Clients, Charities, Pensions
Execution Only	Private Clients, Pensions



Discretionary Investment Management

Designed for clients with more than £150,000 to invest who wish to benefit from a personal focus on their investment portfolio. This is best suited for those clients who either have their Financial Planning needs looked after elsewhere or have no requirement for financial advice.

Integrated Investment Management

Integrated approach to protecting and growing wealth that combines both Financial Planning and Discretionary Investment Management.

Managed Funds Services ('MFS')

This service is provided for financial advisers who offer a suite of risk graded model portfolios designed for those

clients who do not require, or for whom it is not cost effective, to have a bespoke solution – typically investors with less than £200,000 to invest.

The success of MFS combined with recent regulatory guidance has encouraged us to explore offering this service directly to clients, without advice, through our Managed Portfolio Service ('MPS').

Advisory

Advisory services are only available to new 'offshore' clients via our Jersey office or Irish subsidiary Tilman Brewin Dolphin but the Group does have a significant number of existing advisory clients. The service provided is either 'Advisory Managed', where we provide advice on both the

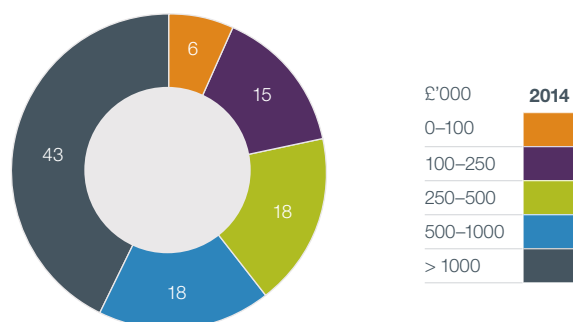
structure and individual investments within the portfolio, or 'Dealing with Advice' which is a reactive service with advice provided on a transactional basis only.

Our Advisory services are best suited for the more knowledgeable and experienced investors who nonetheless like the reassurance of being able to access advice or receive recommendations.

Execution Only

This service provides a custody, administration, trade execution and settlement service to those clients who have no need for advice and prefer to make their own investment decisions.

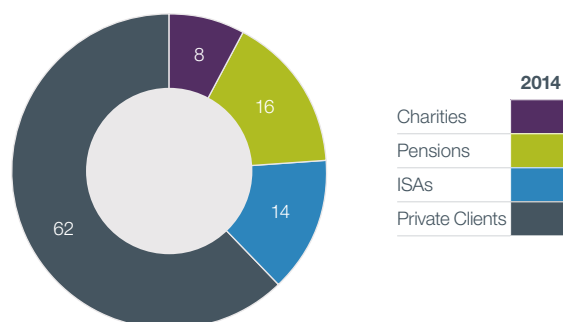
FuM by portfolio size (%)



Our clients are mainly individuals, but also include some Charities, Trusts and Institutions. Total Managed/advised Funds under Management of £29.4 billion is predominantly managed on a discretionary basis, with a total of £24.0 billion Funds under Management.

- Private clients make up over 90% of our FuM, with investment portfolios often including a mix of ISA, trusts and pension accounts.
- Average managed client portfolio size is £478k (2013: £443k).

FuM by account type (%)



- Across our various services, we manage £5.9 billion in pensions.
- Brewin Dolphin has operated in the charities sector for over 60 years, providing specialist investment management to both local and national charitable investors.

Market Environment

UK Private Banks and Wealth Managers

£524 bn

Assets under Management or Administration

Source: A Wealth of Opportunities, BBA October 2014

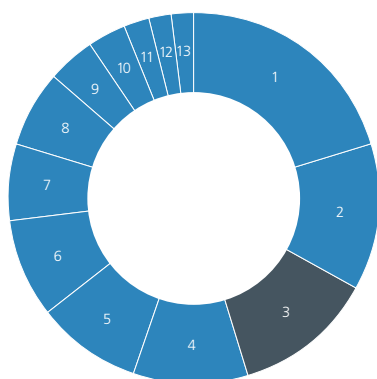
Personal financial services remains a growth market with good long-term prospects. There is increasing demand as society has to become more self-reliant in specific areas such as retirement provision and long-term care as well as savings in general.

The UK private bank and wealth management industry in the UK manages assets of £524 billion in total. The adjacent table shows the Funds under Management for the sector (Brewin Dolphin and its closest peers) along with the market share. In view of the size differentials, the sector could see further consolidation.

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

Peer Group Funds under Management ('FuM')

£239 bn



		FuM FY14 ¹	Estimated Sector ² Share
1.	St James's Place	£49.1 bn	20.5%
2.	Cazenove Capital Management	£30.5 bn	12.7%
3.	Brewin Dolphin	£29.4 bn	12.3%
4.	Investec Wealth Management Ltd	£23.9 bn	10.0%
5.	Rathbones	£22.0 bn	9.2%
6.	Charles Stanley	£20.1 bn	8.4%
7.	Smith and Williamson	£16.2 bn	6.8%
8.	Quilter Cheviot	£16.2 bn	6.8%
9.	Close Brothers AM	£9.7 bn	4.1%
10.	JM Finn	£7.8 bn	3.3%
11.	Ashcourt Rowan	£5.3 bn	2.2%
12.	Brooks MacDonald	£4.6 bn	1.9%
13.	Mattioli Woods	£4.6 bn	1.8%
Total		£239.4 bn	100.0%

¹ Per Annual Report and Accounts with the exception of Quilters Cheviot which is based on other publicly available information.

² Sector comprises the competitors that Brewin Dolphin considers its peer group.

Our industry offers many opportunities

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

Increased regulatory focus

Over the last few years, there has been significant change in the UK regulatory landscape and there has been an increase in focus from our regulators, resulting in increased scrutiny and guidance in the sector.

Changing client behaviours

The UK has an ageing population: baby boomers are approaching retirement and have higher life expectancy than previous generations. Personal wealth is highly concentrated within this group. The pension and savings reforms announced in this year's budget seek to simplify the current pension regime and encourage saving for the future. How we address the specific needs of wealthy clients in an environment of increasing longevity remains a challenge.

Advice gap

One of the issues the industry is facing is the creation of the so called 'advice gap', which has led to a large potential market for investors seeking some guidance but who are unable to justify paying for full advice or have no such requirement. New services are being created to address this new market which could present a threat to established providers as they make use of technology solutions. In addition, there is increased competition for high net worth clients and these are two of the key challenges facing the sector.

Competition

Our markets are substantial, but fragmented, serviced by a wide range of suppliers offering diverse services to individual and corporate clients. Despite recent consolidation, the market remains highly competitive. Insurance companies have made a concerted effort to enter the market, whilst banks have reduced their services.

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Enhanced investment advice process

During the year we have undertaken a full review of our client engagement and investment process. We pride ourselves on our approach being personal to each client, with our advisers being empowered to make investment decisions or give advice relevant to each client. But this must be balanced with a structure to ensure that there is consistency in process and values, and more particularly to help prevent poor advice and unsatisfactory client outcomes.

We have spent time redefining our services, including how we describe and measure risk as well as the various types of service and mandate that we offer. In line with our objective of developing strong long-term client relationships, our new approach naturally sees us invest more time in our clients. We are spending time understanding the needs of our clients, but also explaining what we do, the nature of our services and the risks to which their funds are exposed. It is very important that our clients fully understand risk and reward, and invest only where they are both willing and able to bear the risks.

We use a simple questionnaire to gain a more in depth understanding of each client's own appetite for risk which is then combined with our adviser's expert analysis and judgement. The time spent with our clients, allows us to better appreciate individual needs and aspirations, and understand more fully a client's financial circumstances.

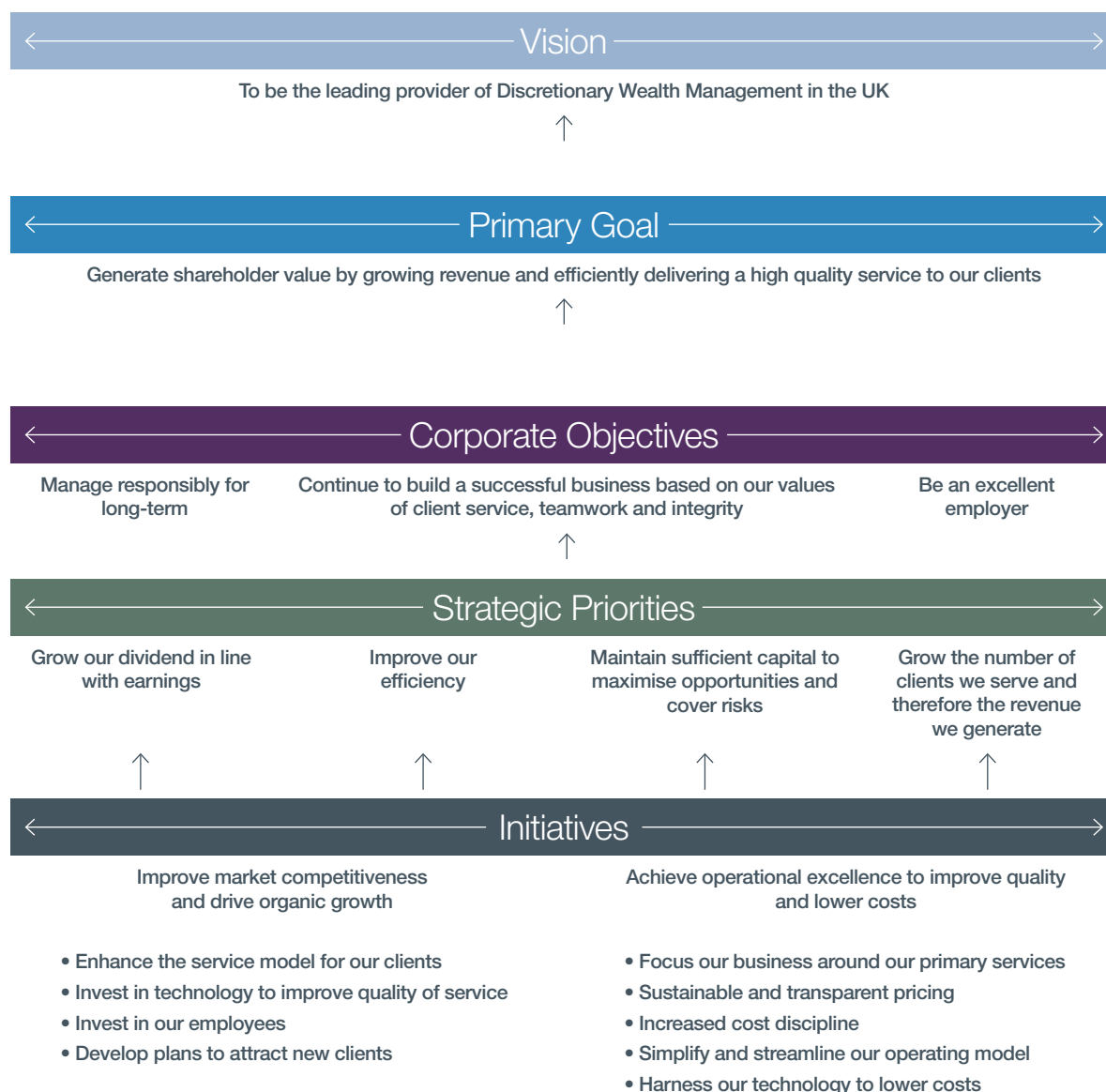
It is vital that a client understands how we have arrived at our recommendation and, particularly for Discretionary clients, how we will manage their money. To support this we summarise salient client details and our advice in an easy to read document for clients to keep and against which we can be held accountable.

To help support the overall governance of this framework, we have deployed a new Client Management Solution which tracks each stage of the client relationship to ensure clients receive a complete and timely service. Our aim is to maintain the highest levels of personalised client service combined with improved operational efficiency.



Objectives and Strategy

Strategy overview



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Vision

Our vision for the Group, remains to be the leading provider of Discretionary Wealth Management in the UK.

Primary Goal

The Group today remains principally an investment management business, centred on Discretionary Management Services. Our long term vision is based on the belief that a combined wealth Management service, incorporating Financial Planning advice, represents the best way to deliver our primary goal. This will enhance the quality of our service, valued by our client, creating a business which can generate shareholder value, our primary goal.

Corporate Objectives

The corporate objectives provide a framework within which the strategy will be followed, ensuring that decisions are taken with a longer term view, built around the values and principles which have helped the Group prosper during its 252-year history.

Strategic Priorities

Our strategy to achieve these objectives is based on four strategic priorities designed to best exploit the opportunities and address the challenges in our market:

- Grow the number of clients we service and therefore the revenue we generate;
- Improve our efficiency;
- Maintain sufficient capital to maximise opportunities and cover risks; and
- Grow our dividend in line with earnings.

Initiatives

A series of initiatives have been established to deliver the strategy over a number of years (see page 12).

The nine key initiatives can be grouped as follows:

Pricing and growth

- Focus our business around our primary services
- Develop plans to attract new clients
- Sustainable and transparent pricing

Client service

- Enhance the service model for our clients
- Invest in technology to improve quality of service

Operating model

- Simplify and streamline our operating model
- Harness our technology to lower costs
- Increased cost discipline
- Invest in our people

Our strategy allows for expansion through whole business acquisition and hiring of individuals but only when we can successfully integrate them into our culture and business model.



Progress Report

Progress report

We are part way through implementing our transformation and growth strategy. Good progress has been made in 2014 across the various initiatives which underpin this strategy.

Underlying financial performance continues to improve, adjusted profit before tax ('PBT') increased by 16% to £60.2 million (2013: £52.1 million), as a result of revenue growth from our core services achieved through growing client funds and assisted by rising investment markets. We also improved the efficiency of the business as shown by the adjusted profit margin increasing to 20.7% from 18.4% last year.

In addition, we have met our strategic priorities of growing the dividend in line with adjusted earnings (dividend increased by 15% to 9.9p from 8.6p last year) and maintaining sufficient capital with regulatory capital resources increasing by £32.4 million to £141.1 million during the year.

Progress continues to be made in the streamlining of the business, but there remains more we can do to complete the strategy and reach our goal of becoming the UK's leading Discretionary Wealth Manager.

Various key initiatives form the basis of the strategy aimed at delivering improved market competitiveness, driving organic growth and achieving operational improvements, both in quality of service and cost efficiency terms.

We remain on track to achieve the stated 25% margin target by the end of 2016. In particular, we made progress in growing Discretionary Funds under Management however Advisory Funds under Management declined.

However, our progress against certain initiatives was slower than planned. In one area in particular, that of harnessing technology to lower operating costs, we have taken substantial write downs during the year totalling £33.7 million from our decision to abandon plans to implement a new operating system. Together with other exceptional costs from restructuring the business, this resulted in a substantial decline in statutory PBT of 70% in the year to £8.6 million (2013: £28.4 million).

Funds under Management ('FuM')

£bn	29 September 2013	Inflows	Outflows	Internal transfers	Net Flows	Growth Rate %	Investment Performance	28 September 2014
Discretionary Managed	21.3	2.3	(1.2)	0.3	1.4	7%	1.3	24.0
Advisory Managed	4.8	0.1	(0.4)	(0.5)	(0.8)	-17%	0.1	4.1
Advisory Dealing	2.1	–	(0.3)	(0.5)	(0.8)	-38%	0.0	1.3
Total Advisory	6.9	0.1	(0.7)	(1.0)	(1.6)	-23%	0.1	5.4
Total Managed/Advised	28.2	2.4	(1.9)	(0.7)	(0.2)	-1%	1.4	29.4
Execution Only	6.7	0.8	(0.7)	0.7	0.8	12%	(0.1)	7.4
Total Funds	34.9	3.2	(2.6)	–	0.6	2%	1.3	36.8

Indices	29 September 2013	28 September 2014	Change
FTSE WMA Private Investor Series Balanced Portfolio	3,315	3,462	4.4%
FTSE 100	6,513	6,649	2.1%

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	2014	2013
Yield by service type	bps	bps
Discretionary	94	96
Advisory Managed	60	56
Advisory Dealing	33	29
Total Advisory	52	47
Total Managed/Advised	85	83
Execution Only	25	30
Total	73	73

We have now completed the transfer of the majority of our business to our new standard national pricing rates introduced initially in 2012. This has allowed us to continue to remove unit trust trail commission from the business and standardise the yield we receive for the services we offer at a more sustainable level.

The last planned repricing of Advisory Managed services was completed during the year to 28 September 2014, the discretionary book having largely been already repriced by the end of 2013. This has resulted in the improved Advisory Managed yield, up from 56bps average in 2013 to 60bps average in 2014. At the same time, £0.5 billion of Advisory funds, were transferred to our Discretionary service, significantly more than we had expected. During the year we ceased to offer the Advisory Managed service to new clients and, combined with further external outflows, this resulted in a smaller residual balance for this service at September 2014 of £4.1 billion, from £4.8 billion in September 2013. The yield on this remaining Advisory Managed FuM, however, is likely to remain lower than the 75bps target we had set as a result of the composition being more skewed towards larger accounts, often with large investment holdings with embedded capital gains tax gains on which full fees are not charged.

During the year, our focus on the core Discretionary services increased; as well as withdrawing from Advisory services, we also withdrew several peripheral services such as probate valuations for new clients and crest sponsored nominee accounts.

We attracted new clients to our Discretionary service, both by successfully expanding our relationships with financial intermediaries and by providing our Managed Funds Service for their smaller clients. Together with ongoing organic growth of direct private clients and transfers of accounts from Advisory Managed services, this led to a 7% overall net inflow into our Discretionary services. Overall Discretionary funds grew by £2.7 billion in the year, a 13% increase (2013: 17% increase) as a result of £1.4 billion net inflows largely driven by growing financial intermediary sources of new client funds (2013: £1.1 billion) and higher market levels £1.3 billion (2013: £2.0 billion).

Advisory funds fell by £1.5 billion in the year, a 22% decline (2013: 10.4% decline), principally as a result of net outflows, both externally, but also as a result of successful conversion to either Discretionary or Execution Only services.

We expect to be able to continue to meet our target of growing overall discretionary funds by 5% p.a. from net inflows, but also anticipate further outflows from the remaining Advisory services. The overall trend, therefore, in total Managed/Advised funds is expected to continue with the proportion of Discretionary funds continuing to grow. The target of 80% of managed advised funds being in discretionary has been met (September 2014: 82%, September 2013: 76%). We have set a new target of 90% (see page 25).

Discretionary FuM inflows

+7%

Client Assets under Administration held on an Execution Only basis grew by £0.7 billion, a 10% increase of which £0.1 billion represented net inflows and £0.7 billion was from internal transfers, primarily from Advisory services net of investment performance. There was also £(0.1) billion of market movement.

Client service

During the year we began to implement a new client needs assessment and advice process. Together with new dedicated client management software, this will be fully in place for all existing and new clients by 30 September 2015. It is the first stage of our delivery of an enhanced service model for our clients within an enhanced control framework.

Operating model

During the year the decision was taken to terminate the roll out of a new operating system into the Discretionary Wealth Management business. Negotiations to settle the outstanding contractual obligations were concluded in the fourth quarter with the result that a total impairment charge of £31.7 million has been taken together with a further charge of £2.0 million for full and final settlement. For more details refer to notes 15 and 32.

The initiative to implement a new core system for the Group's business was launched in 2011 aiming to achieve material cost saving opportunities through lower support headcount and lower technology operating costs. By the end of 2012, as reported at the time, it became evident that the project was experiencing delays in design, configuration and testing.

Progress Report

CONTINUED

Following the management changes in March 2013 an initial review of the project concluded that the implementation of the system was achievable. New project management was put in place, and simpler, standardised and consistent business operating processes were defined.

As a result of the review the Management Team were able to announce in May 2013 that the design work was largely complete and a new de-risked implementation plan was put in place commencing in the final quarter of 2013. This plan involved a first phase implementation into Stocktrade in order to more securely test the new system.

Following the implementation into Stocktrade initial benefits were experienced by way of improved client accessibility. However, a number of issues with the functionality and robustness of the software were uncovered. These took additional time and resource to address. An ongoing deterioration in the Group's assessment of the project, post the H1 2014 period end, led the Board to undertake a full review of the plans to roll out the system more broadly across the Group.

As a result of the investigation into the underlying causes of these issues, the Board concluded in May 2014 that although it was an acceptable solution for Stocktrade, they no longer believed it would be an appropriate operating system for the Group's Discretionary Wealth Management business or to support the Group's strategic aims and new margin target of 25% by 2016. Accordingly, it was announced on 13 May 2014 that the project to develop and roll out the system to the rest of the business would be terminated.

The decision to terminate the implementation was difficult to make, but one which we believe is correct and in shareholders', clients', and employees' long-term interests. We concluded that continued implementation would not support the 25% margin target and would present the business with unacceptable risks.

Margin improvement is predominantly being brought about by change in the business and its key operating processes. It is vital that we keep pace with technological changes to maintain competitive advantage and keep improving client service. The Group's current approach to technology is based on enhancements to existing architecture and making targeted replacements and upgrades where necessary.

We have taken steps to strengthen the firm's infrastructure over the year, with the roll out of a new client management system and we are piloting a new portfolio risk management system both of which are aimed at enhancing the quality and consistency of our assessment of client needs and managing their assets.

Ultimately more efficient use of operational systems will create opportunities to achieve greater scalability, in turn improving margins.

Other initiatives to simplify and streamline our operating model have progressed during the year with a view to improving both client service and efficiency.

We have continued to review the number of offices during the year which resulted in a further five offices being merged or closed (Chester, Guernsey, Truro, York and Stoke) together with the merger of our Lymington and Dorchester branches into a new combined office in Bournemouth. During October 2014, we merged the Brighton office into our Reigate office.

Further changes to our organisational model for delivering our core client services including moving towards larger teams of Investment Managers, integrated with our Financial Planners, will remain an initiative over the next few years.

Overall improvements to the efficiency of our operating model, as evidenced by the improved margin have been achieved, combined with ongoing cost discipline. At the same time we have been able to invest further in areas such as training on our new improved client assessment and advice processes and strengthening key areas of management in both client service, risk and operations through new hires.

The Group announced the acquisition of Tilman, its Irish subsidiary, in May 2011. Since that time it has proved to be a successful fit with the business and has grown its Funds under Management from €0.9 billion to €1.4 billion in 2014. The final deferred purchase consideration for this acquisition of €11.7 million has now been agreed and will be payable in Brewin Dolphin Holdings PLC shares in December 2014.

Growing the dividend to shareholders

Last year the Group announced a new dividend policy based on a target payout ratio of between 60% to 80% of annual reported adjusted diluted earnings per share. The objective of this strategy was to ensure that shareholders fully benefit in a timely way from any improvement to earnings. The business is cash generative. With reference to a strong capital position and improved adjusted earnings, the Board is able to declare a final dividend of 6.25p per share (2013: 5.05p).

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Results for the year

Underlying financial performance for the year ended 28 September 2014 was positive, reflecting further improvement in investment market conditions and continued progress made on delivery against our strategic objectives. Adjusted profit before tax grew by 16% to £60.2 million from £52.1 million last year and adjusted diluted EPS grew by 11% to 16.5p per share from 14.8p last year.

The underlying adjusted profit growth was driven by increased income, 2% higher than prior year, together with improving efficiency as reflected by the decrease in fixed operating costs of 4% and the increase in adjusted profit before tax margin to 20.7% from 18.4% in the prior year.

Profit before tax declined by 70% for the year to £8.6 million (2013: £28.4 million). This was a result of the substantial net increase in exceptional costs (as explained further below in detail) during the year due to the costs arising from the decision to terminate the planned roll out of the new operating system.

	2014 £m	(Restated) 2013 £m	Change
Total income	290.5	283.7	2%
Fixed staff costs	(100.3)	(105.3)	-5%
Other operating costs	(81.7)	(83.4)	-2%
Total fixed operating costs	(182.0)	(188.7)	-4%
Adjusted profit before variable staff costs¹	108.5	95.0	14%
Variable staff costs	(49.2)	(43.7)	13%
Adjusted operating profit¹	59.3	51.3	15%
Net finance income and other gains and losses	0.9	0.8	
Adjusted profit before tax¹	60.2	52.1	16%
Exceptional (costs)/gains	(38.0)	(11.2)	
Amortisation of client relationships	(13.6)	(12.5)	
Profit before tax	8.6	28.4	-70%
Taxation	(1.8)	(7.3)	
Profit after tax	6.8	21.1	
Earnings per share			
Basic earnings per share	2.5p	8.4p	
Diluted earnings per share	2.4p	8.0p	
Adjusted earnings per share¹			
Basic earnings per share	17.5p	15.7p	
Diluted earnings per share	16.5p	14.8p	+11%

¹ Excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment.

Results

CONTINUED

Income

Total income grew by 2% to £290.5 million (2013: £283.7 million) in the year and is analysed as follows:

	2014 £m	2013 £m	Change
Commissions	88.6	93.5	-5%
Fees	177.3	152.0	+17%
Core income¹	265.9	245.5	8%
Financial Planning	13.0	11.7	
Trail	5.5	14.8	
Interest	6.1	11.7	
Other income	24.6	38.2	-36%
Total income	290.5	283.7	2%

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

Core income from our Discretionary, Advisory and Execution Only services grew by 8% to £265.9 million (2013: £245.5 million). This was driven by a combination of increased average client fund balances due to positive investment returns and continued net inflows to our core Discretionary service. Higher growth in fee income, up 17% to £177.3 million (2012: £152.0 million), reflected the ongoing move towards a more fee oriented charging structure in the recently implemented national pricing rates, particularly for Advisory services.

Fee income now represents 67% of core income, up from 62% in 2013 and only 48% in 2010. Overall pricing yields remained flat year on year. Lower transaction volumes in the second half of the year adversely impacted yields for both Discretionary and Advisory Managed services (see page 15).

Income from Advisory services declined by 9% to £31.6 million (2013: £34.7 million), as a result of lower levels of FuM due to the move away from offering these services to new clients, which resulted in net outflows in the year (see page 14).

Aggregate other income declined 36% to £24.6 million (2013: £38.2 million), primarily due to the planned ongoing reduction in trail income which decreased to £5.5 million (2013: £14.8 million) as a result of our initiative to switch to trail free 'clean units'.

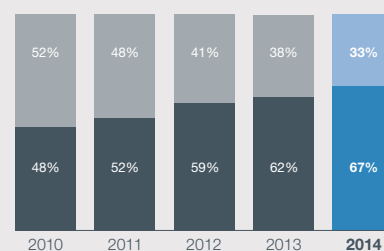
Income from Financial Planning activities grew by 11% in the year as a result of our increasing efforts to offer an Integrated Wealth Management service.

Net interest income declined by 48% in the year to £6.1 million (2013: £11.7 million) as a result of reduced interest rates on deposits available from our banks whilst maintaining interest rates payable on client cash balances.

Income by service type

	2014 £m	2013 £m	Change
Core Income			
Discretionary	215.9	192.7	12%
Advisory Managed	26.3	27.5	-4%
Advisory Dealing	5.3	7.2	-26%
Total Advisory	31.6	34.7	-9%
Total Managed/Advised	247.5	227.4	9%
Execution Only	18.4	18.1	2%
Total	265.9	245.5	8%

Increasing proportion of fee income



■ Commission 2010-2013 ■ Fee 2010-2013 ■ Commission 2014 ■ Fee 2014

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Explanation of adjusted profit before tax and reconciliation to Financial Statements

Adjusted PBT and adjusted diluted EPS are used to measure and report on the underlying financial performance of the Group. Together with the adjusted PBT margin (being adjusted PBT as a percentage of total income), they are useful measures for investors and analysts and, in addition, are key performance indicators used for various incentive schemes, including the annual bonuses of Executive Directors and long-term incentive plans (as set out in the Remuneration Report pages 56 and 64).

These adjusted profit measures are calculated based on statutory profit before tax, as reported in the Financial Statements, adjusted to exclude various items of income or expense.

Items adjusted for are typically infrequent or unusual in nature. They include non-recurring items. For example, a material one-off expense, such as the impairment charge described below relating to the termination of a major software project which has been adjusted for in 2014 or one-off income such as the sale of an available-for-sale asset adjusted for in 2013. Other items of income or expense, adjusted for may recur from one period to the next, such as the redundancy costs and onerous contract charges, detailed below, which occurred in 2014 as well as 2013. Although they may recur over one or more periods, they do not represent long-term expenses of the business and are the result of material restructuring decisions. The Group's strategy as set out on pages 12 to 13 of this report is being undertaken over a

period of several years and is aimed at fundamentally transforming the way the business operates through a combination of restructuring and re-investment. Certain items of expense such as redundancy costs and provisions for surplus space which result directly from restructuring are viewed as fundamentally non-recurring in nature. They are therefore treated as exceptional items and are adjusted for. Other items of additional, often non-recurring expenses such as resource costs, which are incurred as part of reinvestment in the business are not adjusted for.

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

Reconciliation of adjusted profit before tax to statutory profit before tax

	2014 £m	2013 £m	Change
Adjusted profit before tax	60.2	52.1	+16%
Redundancy costs	(2.3)	(4.8)	
Additional FSCS levy	–	(1.1)	
Termination of new software	(33.7)	–	
Onerous contracts	(2.0)	(6.2)	
Total exceptional costs	(38.0)	(12.1)	
Profit on disposal of available-for-sale investment	–	0.9	
Amortisation of client relationships	(13.6)	(12.5)	
Statutory profit before tax	8.6	28.4	-70%

Results

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Costs

Ongoing initiatives to improve business efficiency by standardising operating processes and restructuring the business, together with strong cost discipline, resulted in a decline in total fixed operating costs of 4% to £182.0 million, from £188.7 million in 2013.

Fixed staff costs

Fixed staff costs declined by 5% to £100.3 million (2013: £105.3 million). This was primarily the result of reduced headcount which declined overall by 5% from 1,877 total employees in September 2013 to 1,775 at September 2014.

Reductions in branch headcount, both Investment Managers and support staff were achieved partially through retiring staff passing on their clients to existing teams and also through the further rationalisation of the branch network. The exceptional costs of these restructuring exercises are described below.

Variable staff costs

Variable staff costs, representing mainly discretionary performance related bonus awards, increased by 13% to £49.2 million (2013: £43.7 million) slightly lower than the rise in adjusted profit before variable staff costs (+14%) due to a higher proportion of variable pay being in the form of deferred equity linked awards, the cost of which is spread over future vesting periods. The overall ratio of total (fixed and variable) staff costs to total income has reduced during the year to 52% from 53% in 2013.

Other operating costs

Other operating costs decreased by 2% to £81.7 million (2013: £83.4 million) primarily due to lower fixed overheads such as property costs, in line with reduced overall headcount. These reductions were offset by increases in professional fees associated with new initiatives such as improvement to client services, and the design and implementation of risk and control related process improvements. Operating and processing system related costs increased in the year as a result of the implementation of the new operating software into our Stocktrade Execution Only business.

Exceptional costs

Exceptional costs during the year increased substantially to £38.0 million (2013: £12.1 million) primarily as a result of the decision to terminate the rollout of new operating software into the Discretionary Wealth Management business. A one-off impairment charge of £31.7 million was taken in respect of previously capitalised expenditure, together with £2.0 million charge in respect of full and final settlement of contractual obligations. For further details refer to notes 15 and 32.

Other exceptional costs have decreased on prior year. Redundancy costs of £2.3 million (2013: £4.8 million) were incurred in the year primarily as a result of further rationalisation of the branch network, resulting in the closure of our offices in Chester, Dorchester, Guernsey, Stoke, Truro, Lymington and York.

Additional provisions in respect of onerous contracts totalling £2.0 million were made in the year in relation to surplus property, resulting from these branch closures and the failure to achieve the anticipated exit from existing surplus space, primarily in Edinburgh.

Amortisation of client relationships

Amortisation of client relationships increased to £13.6 million (2013: £12.5 million), as a result of the recognition of additional client relationship assets during the year (see note 14).

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Cash flow and capital expenditure

Our strategy aims to deliver not only growing earnings, but also increasing free cash flow, being the cash generated from operations less that invested in the business.

The Group's cash balances increased by £21.6 million to £135.1 million at 28 September 2014, from £113.5 million at 29 September 2013.

Underlying free cash flow increased to £50.4 million from £24.6 million in 2013, due to higher operating cash flows of £60.4 million (2013: £46.4 million) and associated reduction in capital investment to £10.0 million from £21.8 million in 2013.

Primarily following the termination of the roll out of the proposed new core system across the Group on which a further £3.2 million was spent in the period, overall software spend declined materially in 2014 to £7.4 million.

Purchase of fixed assets declined to £2.7 million in the year (2013: £4.5 million), primarily due to lower office refurbishment costs.

Cash spent on client relationships declined to £0.2 million from £3.4 million in 2013. There have been no acquisitions of teams during 2014 and the outflow in the year represents stock transfer costs.

Dividends paid in the period increased by 28% to £23.1 million (2013: £18.1 million).

Cash outflow for own share purchases in the period comprised £7.8 million (2013: £nil) for the Deferred Profit Share Plan and Equity Award Plan and £0.2 million (2013: £0.2 million) for the Share Incentive Plan (see note 29).

Shares issued for cash of £3.0 million is lower than the figure of £41.9 million in 2013 which included an equity capital raising of £38.6 million. The £3.0 million inflow in 2014 is a result of the issue of shares in relation to Approved Share Options and Nil Paid Shares (see note 26).

	2014 £m	2013 £m
Adjusted profit before tax	60.2	52.1
Less –		
Exceptional costs/gains	(38.0)	(11.2)
Amortisation of client relationships	(13.6)	(12.5)
Statutory profit before tax	8.6	28.4
Add – non cash expenses included	62.2	27.3
Less – pension contributions not included above	(3.0)	(3.0)
Operating cash flows before working capital	67.8	52.7
Less – tax paid	(7.4)	(6.3)
Underlying cash from operations	60.4	46.4
Net investment		
– Purchase of client relationships	(0.2)	(3.4)
– Purchase of fixed assets	(2.7)	(4.5)
– Purchase of software	(7.4)	(15.1)
– Net gains and dividends on available-for-sale investment	0.3	1.2
	(10.0)	(21.8)
Underlying free cash flow	50.4	24.6
Net financing		
– Dividends paid	(23.1)	(18.1)
– Shares purchased	(8.0)	(0.2)
– Shares issued for cash	3.0	41.9
	(28.1)	23.6
Underlying increase/(decrease) in cash	22.3	48.2
(Increase)/decrease in working capital	(0.4)	17.6
Effect of foreign exchange rates	(0.3)	–
Movement in firm's cash	21.6	65.8
Movement in client balances	1.4	(3.5)
Movement in total cash	23.0	62.3
	2014 £m	2013 £m
Reconciliation to reported cash from operations		
Underlying cash from operations per above	60.4	46.4
Movement in client balances per above	1.4	(3.5)
Movement in working capital per above	(0.4)	17.6
Cash from operations per note 33	61.4	60.5

Results

CONTINUED

Purchase of software and impact of decision to terminate major project

As reported in last year's Strategic Report, substantial investment had been made to the project to develop and design the new core operating system following the commencement of the project in 2012. As at 29 September 2013, £34 million, including capitalised software, had been incurred, with a further £20 million anticipated to March 2015. During the current financial year, up to the decision to terminate the project in May 2014, a further £3.2 million of capitalised software was incurred. This is included within the £7.4 million total purchase of software shown in the cash flow statement.

The overall reduction in capitalised software expenditure from £15.1 million in 2013 to £7.4 million in 2014, as detailed above, is primarily a result of the decision to terminate the project.

The table below summarises the material impact on the Financial Statements of both the expenditure on the project up to the decision to terminate it and the impairment resulting from that decision.

Resources available to the Group

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

- 1) Client relationships acquired via introduction from new teams of Investment Managers hired;
- 2) Fixed tangible assets, i.e. investment in fixtures and fittings in our offices and in communications and technology hardware to support our operations; and
- 3) Purchase, development and configuration of new software applications to support our operations.

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

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

Capital resources and regulatory capital

The Group's financial position is strong with net assets of £212.0 million at 28 September 2014 (2013: £221.6 million). Tangible net assets (net assets excluding intangibles and shares to be issued) are £136.9 million (2013: £109.1 million), and have grown by 25% in 2014.

The Group's primary regulator is the Financial Conduct Authority ('FCA'). The FCA rules determine the calculation of the firm's regulatory capital resources and regulatory capital requirements. Additionally, as required under FCA rules we perform an Internal Capital Adequacy Assessment Process ('ICAAP') which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold.

At 28 September 2014, the Group had regulatory capital resources of £141.1 million (2013: £108.7 million), see note 24 to the Financial Statements.

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

	Purchase of software capitalised £m
Additions	
2012	14.8
2013	15.1
2014	3.2
Total purchase of software capitalised in relation to project	33.1
Impairment taken (see note 15) to the Financial Statements	(31.7)
Carrying value after impairment	1.4

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Corporate responsibility

The Corporate Responsibility Report on pages 65 to 68 includes information on environmental matters, employees (including gender ratios) and community issues.

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, Strategic Report and Risk Committee Report.

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 24 to the Financial Statements.

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



Key Performance Indicators

To implement our strategy successfully, we must measure progress. The table below summarises the key performance indicators for each strategic priority, with a measure of our performance to date. We also indicate potential challenges to success and the actions we are taking to mitigate them.

Key to strategic objectives

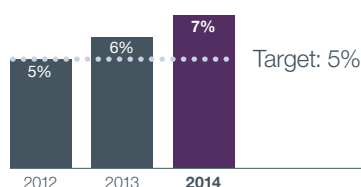
- 1 Revenue Growth
- 2 Improved Efficiency
- 3 Capital Sufficiency
- 4 Dividend Growth



Revenue Growth

1

Discretionary FuM inflows



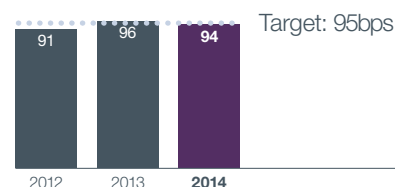
Definition

The value of annual net inflows as a percentage of opening FuM for our Discretionary service.

Performance during the year

Good organic inflows from both private clients and from financial intermediary business. Includes 2% of inflows from conversion of Advisory Managed accounts.

Discretionary service yield



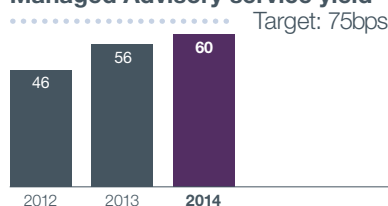
Definition

The average annual total fee and commission income measured as a percentage return on average annual FuM for our Discretionary service.

Performance during the year

The slight drop in the year was driven by lower commission volumes in H2 due to market volatility, increased average client size and changing business mix. Together these offset increased yield from the completion of repricing.

Managed Advisory service yield



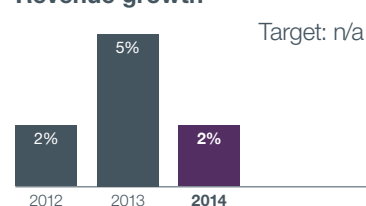
Definition

The average annual total fee and commission income measured as a percentage return on average annual FuM for our Managed Advisory service.

Performance during the year

The planned re-pricing of this service was largely completed in 2014. Higher than anticipated conversion to our Discretionary service resulted in a changed business mix, causing a lower than planned yield.

Revenue growth



Definition

The percentage increase in Group total annual (adjusted) income.

Performance during the year

Core income grew by 8%. Other income declined by 36%, primarily due to the planned ongoing reduction in trail income.

A detailed explanation of the calculations used for the KPIs are contained in the Appendix page 126.

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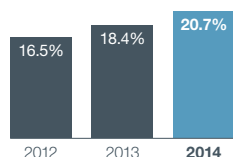


Improved Efficiency

2

Adjusted¹ PBT margin

Target: 25%+



Definition

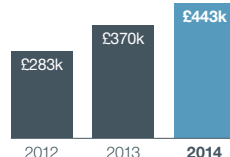
Reported Group total annual adjusted profit before tax as a percentage of Group total (adjusted) income.

Performance during the year

Improvement from delivery of strategic initiatives on growth and efficiency.

Discretionary income per CF30

Target: £490k



Definition

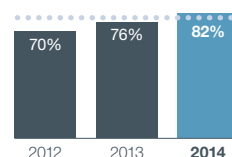
Total annual fee and commission income from our Discretionary service divided by the period end number of client facing professional Investment Managers and Financial Planning Staff ('CF30s').

Performance during the year

Increased Funds under Management and average client portfolio, together with a reduction in the number of CF30s have driven the increase.

% of managed FuM in Discretionary service

Target: 80%
New target: 90%



Definition

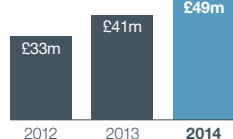
The proportion of our period end value of client FuM in our Discretionary service, as a percentage of total period end managed and advised FuM.

Performance during the year

The focus on our core service and new sources of business e.g. intermediaries has supported continued growth.

Discretionary FuM per CF30

Target: £50m
New target: £75m



Definition

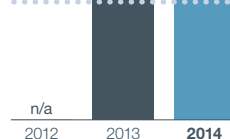
The period end total value of client FuM in our Discretionary service divided by the period end number of client facing staff (as above).

Performance during the year

Increase driven by reduced CF30 network, investment returns and net new funds have also contributed to the 20% increase.

Support staff to CF30 ratio

Target: 2.0 to 1



Definition

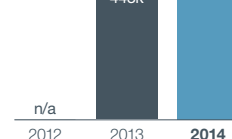
The ratio of period end total of non-client facing professional staff to total period end client facing staff.

Performance during the year

Support staff to CF30 ratio – Successful reduction in support headcount as Branch numbers have fallen. Target under review following changes made to IT strategy.

Average client portfolio

Target: £500k



Definition

The average value of FuM per client for our Managed/Advised services. Calculated based on period end total reported Managed/Advised FuM divided by period end number of client relationships.

Performance during the year

The focus on larger portfolios combined with growth in existing client portfolio values has led to an 8% increase year on year.

¹ Excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment.

Key Performance Indicators

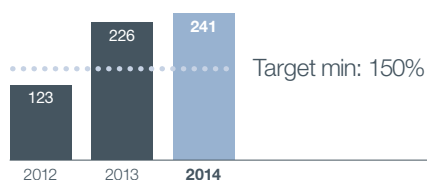
CONTINUED



Capital Sufficiency

3

Capital adequacy ratio



Definition

The ratio, as a percentage, of the Group's period end total regulatory capital resources to the period end minimum total regulatory capital requirement.

Performance during the year

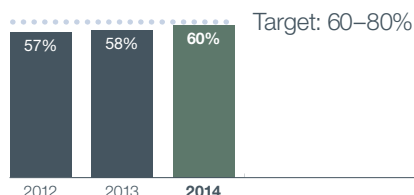
Capital adequacy ratio well above our target of 150%. The increase is due to an increase in regulatory capital resources.



Dividend Growth

4

Dividend payout ratio



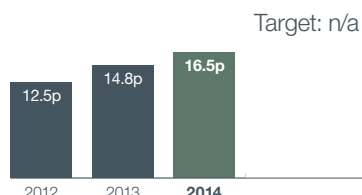
Definition

The ratio of total annual dividend per share (interim and final), as a percentage, to total reported annual adjusted diluted earnings per share.

Performance during the year

Dividend in line with targeted payment ratio.

Adjusted¹ EPS growth – diluted



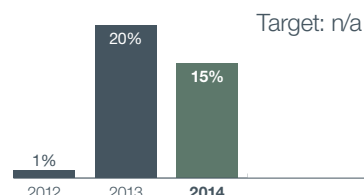
Definition

The annual percentage change in reported adjusted diluted earnings per share.

Performance during the year

Driven by 16% growth in adjusted PBT.

Dividend growth



Definition

The percentage change in total annual dividend per share (interim and final).

Performance during the year

Dividend growth driven by increased adjusted earnings.

¹ Excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment.

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Principal Risks and Uncertainties

The Group faces a number of business and strategic, financial and operational risks inherent in the nature of the business it undertakes and the financial, market and regulatory environments in which it operates. The Group recognises that understanding and managing these risks is central to successful delivery of strategy.

The Group has established a risk management framework the main components of which are:

- Identification and evaluation of the principal risks to which the Group is exposed;
- Setting an appetite for the amount and type of risk that the Board is willing to take in order to achieve its strategic objectives;
- Maintaining governance, policies and other systems and controls to enable the Group to operate within its stated appetite for risk.

The Group has continued to enhance its risk framework and governance to provide a structured approach to identifying and managing the risks to which it is exposed. Further details of the Risk Management Framework are set out in on page 45.

The Board has undertaken an assessment of the Group's principal risks and how they are managed or mitigated. These are as set out in the following table together with a commentary on relevant developments in 2013/14.



Principal Risks and Uncertainties

CONTINUED

Risk	Description	Key Mitigators	2013/14 commentary
Business & Strategic Risks			
Acquisitions & disposals	The risk that mergers, acquisitions or divestments made by the Group do not achieve stated strategic objectives or give risk to ongoing or previously unidentified liabilities.	<ul style="list-style-type: none"> • Correlation with key performance indicators, principal risks and strategic priorities • Robust governance and challenge from independent Non-Executive Directors • Independent legal, accounting, regulatory and commercial due diligence • Managing businesses in line with Group strategy once acquired 	There were no acquisitions or disposals in 2013/14.
Business model	The risk that the Group's business model inadequately meets its objectives or fails to respond to changes in the market resulting in an adverse impact upon sustainable growth or profitability.	<ul style="list-style-type: none"> • Initiatives to develop service quality and focus on higher margin Discretionary Investment Management complemented by Integrated Financial Planning services • Consistent pricing of services • Variable incentive pay linked to profitability • Diversified client base • Long-term client relationships and focus on personalised service 	<p>Completed move to sustainable pricing rates.</p> <p>Strategic programme to simplify the business model continued in 2013/14.</p> <p>Developed new sources of business such as intermediaries and new services such as MFS.</p> <p>A number of sub-scale branch offices were closed or consolidated into larger local centres.</p>
Regulatory change	The risk that changes to the regulatory framework the Group operates within materially affects the Group's business model, proposition, overheads or operations.	<ul style="list-style-type: none"> • Strategy to ensure the business model remains flexible and responsive to changes in the regulatory framework • Regulation & Risk function advise on impact of regulatory change • Active dialogue with regulators and industry bodies 	There were no material regulatory changes that impacted the business model adversely in 2013/14.
Reputation	The risk of damage to the Group's brand or standing with shareholders, regulators, existing and potential clients, the industry and the public at large.	<ul style="list-style-type: none"> • Strategy to not engage in controversial tax avoidance schemes and extremely complex and high risk schemes and services • Relationship strategies including: <ul style="list-style-type: none"> • proactive engagement with the Group's regulators and active participation with trade and industry bodies • positive development of media and shareholder relations with strictly controlled media contact 	There were no material reputational issues in 2013/14.
Client outcomes	The risk that client outcomes are insufficiently considered as part of the Group's processes leading to poor advice and/or suitability outcomes for clients.	<ul style="list-style-type: none"> • Investment Governance Committee provides product and service governance including alignment with strategy, appetite for risk and client interests and outcomes • Implementation of new investment process supported by enhanced technology • Training & competence and quality assurance management • Oversight by Regulation & Risk function • Treating customers fairly and other management information • Effective independent handling of complaints 	The Group has embarked on a change programme to enhance our client experience. The introduction of new processes for client engagement and service delivery underpinned by new technology will, once fully embedded, ensure that clients remain at the forefront of our considerations and will provide long-term value through the provision of a more operationally efficient process.

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Risk	Description	Key Mitigators	2013/14 commentary
Financial Risks			
Credit & counterparty	The risk of a client, custodian or counterparty failing to fulfil contractual obligations, including settlement, which results in financial loss.	<ul style="list-style-type: none"> • Most trading is delivery versus payment • Controls limit trading on un-cleared balances • Counterparty selection based upon rigorous due diligence 	There were no material changes in 2013/14.
Insurance	The risk that an insurance claim by the Group is declined (in full or part) or there is insufficient insurance coverage.	<ul style="list-style-type: none"> • Primary insurance placed with financially secure syndicates and insurers • Comprehensive levels of cover maintained • Rigorous claim management procedures 	There were no material changes in 2013/14.
Liquidity	The risk of insufficient readily realisable financial resources to meet the Group's obligations as they fall due or access to liquid funds is not available on commercially viable terms.	<ul style="list-style-type: none"> • Conservative buffer of 150% of three months' operating costs maintained in cash or near cash instruments 	There were no material changes in 2013/14.
Market	The risk that the Group's revenue or capital will be adversely affected by changes in the level or volatility market price or foreign currency exchange rates.	<ul style="list-style-type: none"> • Group does not trade as principal and does not take market or currency risk other than to facilitate client business 	There were no material changes in 2013/14.
Pensions	The risk that funding the obligations of the Group's closed defined benefits pension scheme materially affects the Group's capital or profitability.	<ul style="list-style-type: none"> • Scheme is closed to new members • Agreed funding plan in place to eliminate current deficit over 5 ½ years • Trustees investment policy and assets matched to liabilities 	There were no material changes in 2013/14. The triennial pension valuation will be performed in 2015.

Principal Risks and Uncertainties

CONTINUED

Risk	Description	Key Mitigators	2013/14 commentary
Operational Risks			
Business change	The risk that business change projects are ineffective, fail to deliver stated objectives, or result in resources being stretched to the detriment of business as usual activities.	<ul style="list-style-type: none"> • Over-arching governance of business critical programmes by Executive and Board scrutiny • Third-party specialist help providing strong project management and technical skills • Engagement of key users in development, testing and change advocacy • Communicate strategic benefits of change agenda and delivery to employees • Substantial post-implementation support and monitoring for business wide change programmes 	<p>The Group has continued a programme of change to improve efficiencies, substantially improve client data architecture and significantly enhance processes for engaging with clients. Implementation of these programmes will continue into 2014/15.</p> <p>In May 2014, the Group reduced change management risks by curtailing further implementation of a new system into the branch network following an assessment concluding that the system was no longer sufficiently aligned to the Group's strategic objectives.</p>
Business continuity & disaster recovery	The risk that a physical business continuity event or system failure results in a reduced ability, or inability to perform core business activities or processes.	<ul style="list-style-type: none"> • Dedicated business continuity function within the Group • Large branch network with appropriate disaster recovery and continuity plans in place • Use of external premises to enhance resilience to a disaster recovery or business continuity event • Periodic testing of business continuity process and disaster recovery • Prompt response to significant systems failures or interruptions 	There were no disaster recovery or business continuity events in 2013/14. Further work is expected to be undertaken in 2014/15 to improve testing capabilities.
Information and data security	The risk of unauthorised access to, or external disclosure of, client or company information.	<ul style="list-style-type: none"> • Information Security team within Regulation and Risk function • Data and system access controls • Risk and controls evaluation and enhancement project in progress • Threat awareness in front office functions and close liaison with Financial Crime & Data Protection team in Regulation & Risk 	A project to implement progressive improvements in detection and prevention of cyber risks was implemented in 2014 and is due to continue in 2015.

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Risk	Description	Key Mitigators	2013/14 commentary
Operational Risks (continued)			
Fraud	The risk of unauthorised gain or transfer of company or client assets by any persons internal or external to the Group.	<ul style="list-style-type: none"> • Centralised invoice processing • Segregation of duties across the Group • Data and system access controls • Payment authorisation controls • Monitoring of payments and transfers • Authorisation process for key functions dealing with client or Group assets • Responsive fraud investigation and reporting controls • Comprehensive insurance cover 	The Group successfully blocked a number of small-scale external fraud attempts during 2013/14.
Compliance	The risk of regulatory sanction or legal proceedings as a result of failure to comply with regulatory, statutory or fiduciary requirements, or as a result of a defective transaction.	<ul style="list-style-type: none"> • Effective Regulation & Risk function • Internal Audit function outsourced to a third party professional services firm • Effective regulatory risk oversight planning and implementation • Comprehensive internal audit and compliance monitoring programmes • Controls for appointment and approval of staff holding a controlled function and annual declarations to establish ongoing fitness and propriety • Governance and reporting of regulatory risks through Client Asset Oversight Committee, Investment Governance Committee and Risk Management Committee • Independent third party reviews of client money and custody asset controls • AML controls for client due diligence and sanctions checking • Policies in place to manage conflicts of interest 	<p>The leadership and resource of the Regulation & Risk function was enhanced, beginning in 2012/13 and continuing through 2013/14.</p> <p>PwC were appointed to provide Internal Audit services and became operational early in 2014.</p> <p>The Group embarked upon a programme of improvement and simplification of its controls relating to client assets and strengthening the Client Asset Oversight Committee. This programme is expected to continue into the first half of 2014/15.</p>
Legal (commercial/litigation)	The risk of loss to the Group primarily caused by a) a defective transaction; b) a claim (defence to a claim or counterclaim) which results in liability or loss to BD; c) failure to adequately protect assets owned by BD; or d) a change in the law.	<ul style="list-style-type: none"> • Compliance with legal and regulatory requirements including relevant codes of practice • Early engagement with legal advisers and other risk managers • Appropriately manage complaints which have a legal/litigious aspect • An early assessment of the impact and implementation of changes in the law 	No material legal proceedings were commenced against the Group in 2013/14.

Principal Risks and Uncertainties

CONTINUED

Risk	Description	Key Mitigators	2013/14 commentary
Operational Risks (continued)			
Outsourcing and procurement	<p>The risk of third party organisations inadequately or failing to provide or perform the outsourced activities or contractual obligations to the standards required by the Group.</p> <p>The risk of third party suppliers inadequately or failing to supply in accordance with their obligations.</p>	<ul style="list-style-type: none"> • Outsourcing employed only where there is tactical gain in resource or expertise • Policy in place to perform effective outsource or service supplier due diligence and to put effective contractual arrangements and service level agreements in place 	As noted, Internal Audit services were outsourced to PwC. No other outsource arrangements were entered into during 2013/14.
People	The risk of loss of key staff, insufficient skilled resources and inappropriate behaviours or actions.	<ul style="list-style-type: none"> • Client relationships managed on a team basis to improve efficiency • Succession arrangements and resource plans made or in development for key management roles and groups/teams • Performance management framework in place to develop, motivate and retain staff, reward appropriate behaviour 	The Group will review its remuneration arrangements in the light of FCA and other regulatory guidance published in August 2014.
Processing & systems	The risk that the design or execution of business processes (including dealing) is inadequate or fails to deliver an expected level of service and protection to client or company assets.	<ul style="list-style-type: none"> • Dedicated dealing function and supervision of dealing staff • Monitoring and authorisation of high value trades • Error warnings built into dealing systems • Validations on equity trading platform • Monitoring of errors and losses and underlying cause • Key system vendors subject to active relationship management and service supply monitoring • Investment in system development and upgrade to improve process automation • Enhanced staff training and oversight in key business processing areas including client asset management • Business simplification initiatives to increase efficiency and reduce risk of error and process failure 	The Group embarked on a programme of improvement and simplification of its business processes relating to client asset management. This programme will continue into the first half of 2014/15.

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Future Developments

These results build further on the positive trend of the last 18 months and it is encouraging to see that our efforts to simplify, refocus and de-risk the business continue to bear fruit.

The external environment, however, continues to change at pace; with increasing competition, greater regulatory challenge and evolving client needs. We will continue to transform the business through the initiatives we are already pursuing in order to position it to benefit from these changes. Whilst much remains to be done our focus will be developing the right services for our customers and organisational structure to respond to the changing external environment.

Over the next 12 months we plan to build on foundations laid during 2014. Our short-term focus will be:

- 1. Integrated Wealth Management** – Our strategy has been to reposition our proposition, away from stockbroking and toward wealth management. During 2015 all branches will have the ability to offer Integrated Wealth Management services and leveraging this will be a key deliverable for the business.
- 2. Discretionary Investment Management** – We have invested considerable resource in a new investment process which we rolled out to direct clients in 2014. The next phase is to upgrade our offering, in a similar vein, for agent and indirect clients.
- 3. Managed Funds Service** – This service has seen strong growth over the past year as we have expanded the number of investment platforms on which it can be purchased. We intend to continue to grow this service and build on the capability we have developed by exploring opportunities to deliver this service directly to clients.

Approved by the Board of Directors on 2 December 2014 and signed on its behalf by:

David Nicol
Chief Executive

2 December 2014

Andrew Westenberg
Finance Director



GOVERNANCE

In this section

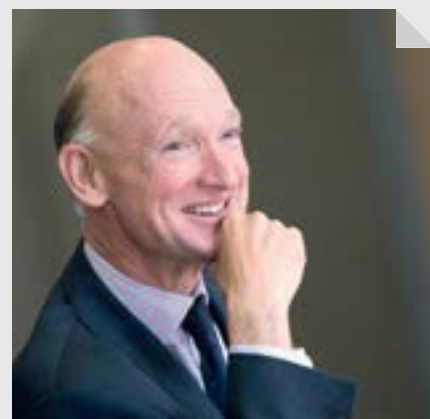
Governance

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“The Board is committed to ensuring the highest standards of corporate governance which are so critical to the delivery of value.”



Simon Miller
Chairman

Good corporate governance is critical to the delivery of value to the Group's stakeholders and this section of the report describes how Brewin Dolphin is governed and managed. It also addresses how the principles of the UK Corporate Governance Code have been applied. The Board is responsible to shareholders for the overall management and oversight of the Group and for its long-term success. In particular, the Board is responsible for agreeing the Group's strategy, monitoring financial performance, setting and monitoring the Group's risk appetite and maintaining an effective system of internal controls.

The Board has appointed three Non-Executive Directors during the year, partly as a planned cycle of refreshing the Board, but also to improve the overall balance by having a majority of Non-Executive Directors. The Board of a financial services firm needs to be strong in relevant expertise and the new additions, together with a strengthened senior management team, ensure that it is well placed to oversee the Group's activities.

The Board has spent some time looking at the roles and responsibilities of its Committees, to ensure that each is operating efficiently and providing an effective framework for the Board to operate within. The composition of each Committee was reviewed and changes made to utilise the experience of our newly appointed Directors and ensure that undue reliance was not placed on any particular individual.

I would like to encourage our shareholders to attend our Annual General Meeting which will be held at 11.30 am on 20 February 2015, at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. It provides an excellent opportunity to meet the Board.



Directors and their Biographies



Simon Miller  

Chairman

Simon Miller was appointed Chairman in March 2013. He joined the Board in 2005 and became Deputy Chairman and Senior Independent Director in 2012. He read law at Cambridge and was called to the Bar. He subsequently worked for Lazard Brothers and County Natwest. Since 1994 he has been Chairman of Dunedin LLP. He is also Chairman of Blackrock North American Income Trust and JPMorgan Global Convertibles Income Fund.



David Nicol, CA, Chartered FCSI 

Chief Executive

David Nicol is a Chartered Accountant. He was a Director of Morgan Stanley International PLC from 2004 to 2010. He worked for Morgan Stanley for 26 years in a number of Operations and Finance roles and was appointed EMEA CAO in 2004. David was a Non-Executive Director of Euroclear plc from 1998 to 2010. He trained and qualified in 1980 as a Chartered Accountant with Ernst & Young and spent two years working for KPMG in Hong Kong before joining Morgan Stanley in London in 1984. David Nicol is on the Board of the Chartered Institute of Securities and Investments, the Council of the Institute of Chartered Accountants of Scotland and is a member of the Appointment Committee of the Hermes Property Unit Trust. David joined the Board as a Non-Executive Director in March 2012 and was subsequently appointed as Chief Executive in March 2013.



Andrew Westenberger, FCA

Finance Director

Andrew Westenberger joined the Board in January 2013. He was Group Finance Director of Evolution Group PLC from 2009 until August 2011 and a Director of its principal subsidiary Williams de Broe Limited. Andrew qualified as a Chartered Accountant with Coopers & Lybrand, and from 2000 to 2008 held various senior finance roles in London and New York with Barclays Capital.



Stephen Ford, FCSI, CAIA

Head of Investment Management

Stephen Ford is Head of Investment Management and joined Brewin Dolphin in March 2000 having previously led the Financial Services division at a regional Building society. He was appointed as a Director of the operating company, Brewin Dolphin Limited in 2009 and joined the Brewin Dolphin Holdings Board in March 2013. Stephen holds the Chartered Wealth Manager and Chartered Alternative Investment Analyst designation.



Michael Williams, FCSI

Executive Director

Michael Williams joined Brewin Dolphin & Co. in 1968 and became a partner in 1978. He has consistently been involved in portfolio management. He joined the Board on incorporation in 1987.

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Angela Knight, CBE a n rk*

Senior Independent Director

Angela Knight was appointed as a Non-Executive Director in July 2007, and as Senior Independent Director in February 2014. She worked in the engineering industry for many years before becoming Councillor and Chief Whip on Sheffield City Council from 1987 to 1992. She entered Parliament in 1992 as MP for Erewash and was Economic Secretary to the HM Treasury between 1995 and 1997. She was Chief Executive of The Association of Private Client Investment Managers and Stockbrokers from September 1997 to December 2006 and Chief Executive of the British Bankers Association from April 2007 to July 2012. She is currently Chief Executive of Energy UK and a Non-Executive Director on the board of Tullett Prebon PLC and a Non-Executive member of Transport for London.



Ian Dewar, FCA MA (Cantab) a* rk r

Non-Executive Director

Ian Dewar was appointed as a Non-Executive Director in November 2013. Ian recently retired from KPMG after a 32-year career where he was a Partner for 19 years. During that time, he performed a wide variety of different roles both within KPMG and as a Non-Executive Trustee in the Charity sector. An accountant by training, his experience has been in Audit, Advisory, Client Relationship and Practice Management roles. The last 27 years have been spent working in the Financial Services Sector. Ian is a Non-Executive Director of Manchester Building Society.



Paul Wilson, MBA rk r* n

Non-Executive Director

Paul Wilson was appointed as a Non-Executive Director in December 2013. Paul has over 25 years' experience of the Financial Services industry and has been a leader of several professional services businesses. Paul is the Non-Executive Chairman of XL London Market Ltd (specialty insurance underwriter) and sits on their Audit, Risk and Compliance Committee. He is also CEO of the World Platinum Investment Council and a Group Board Independent Director at Unigestion Holding SA (investment management), based in Geneva. Paul was, until February 2014, an Advisory Partner at Bain & Company responsible for their Financial Services practice. Paul is International Chairman of Action Against Hunger, a global charity addressing the problems of acute malnutrition in children, in 35 countries worldwide. His MBA is from Harvard Business School.



Sir Stephen Lamport, KCVO

Non-Executive Director

Sir Stephen was appointed as a Non-Executive Director in March 2007. He served in the Diplomatic Service from 1974 to 1993. In March 1993, he joined The Prince of Wales's Household as Deputy Private Secretary and was appointed Private Secretary and Treasurer to The Prince of Wales in October 1996. From October 2002 to December 2007, he was Group Director for Public Policy and Government Affairs for The Royal Bank of Scotland. In August 2008 he was appointed Receiver-General of Westminster Abbey. He was appointed KCVO in 2002. He is Deputy Lieutenant for Surrey and sits on a number of Boards for charitable organisations.



Caroline Taylor a r n

Non-Executive Director

Caroline Taylor was appointed as a Non-Executive Director in May 2014. Caroline has over 25 years' experience in the Financial Services sector with a strong background in investment management and in-depth knowledge of all aspects of investment management operations, compliance and legal issues. Caroline was a Director of Goldman Sachs Asset Management International from 2005 to 2012 and is currently a Non-Executive Director of Ecclesiastical Insurance Office PLC.

Key

- a Member of the Audit Committee
- n Member of the Nomination Committee
- r Member of the Remuneration Committee
- rk Member of the Risk Committee
- * Denotes Committee Chairman

Statement of compliance with the Code

The Group is subject to the UK Corporate Governance Code ('the Code'), which was issued by the Financial Reporting Council in 2010 and revised in September 2012. A new version of the Code will apply to accounting periods beginning on or after 1 October 2014 ('the revised Code') and the Directors intend to report compliance with the revised Code in the 2015 Annual Report.

The following statement, the Directors' Remuneration Report, the Audit Committee Report, the Risk Committee Report, the Nomination Committee Report and the Strategic Report explain how the provisions set out in the Code have been applied and detail the Group's compliance with the provisions of the Code for the year. The Directors consider that the Company has been in compliance with the provisions set out in the Code throughout the 52 weeks ended 28 September 2014, except for the following:

- The Board has been in compliance with the requirement under the Code (B.1.2) for at least half the Board, excluding the Chairman, to comprise Non-Executive Directors since the appointment of Ian Dewar on 15 November 2013. For the period of the year before his appointment, the Board comprised the Chairman, four Executive Directors and three Non-Executive Directors. The current composition of the Board is explained below.
- In designing schemes of performance related remuneration, the remuneration of Directors fully complies with the provisions in Section D to the Code, save for Michael Williams, Executive Director which does not fully comply with Section D.1.1 and Schedule A of the Code. Michael Williams' variable remuneration is determined by reference to his own team's investment management performance in line with other Investment Managers within the Group. One-third of variable remuneration above £50,000 is compulsorily deferred into shares. Michael Williams has announced his intention to retire from the Board at the AGM in February 2015. The Directors' Remuneration Report on pages 52 to 64 provides details of the Remuneration Policy and implementation of that policy for all Directors.

The Board

At the year end the Board comprised the Chairman, four Executive Directors and five Non-Executive Directors. The Non-Executive Chairman is Simon Miller, the Chief Executive is David Nicol and the Senior Independent Director is Angela Knight. The Directors' biographies are set out on pages 36 to 37.

Jock Worsley, the previous Senior Independent Director and Chair of the Audit Committee, retired from the Board at the AGM on 17 February 2014. Ian Dewar was appointed as a Non-Executive Director on 15 November 2013 and succeeded Jock Worsley as Chairman of the Audit Committee. Angela Knight succeeded as the Senior Independent Director. Paul Wilson joined the Board on 9 December 2013 and took on the Chairmanship of the Remuneration Committee following the 2014 AGM. Caroline Taylor joined the Board as a Non-Executive Director on 21 May 2014.

Each of the Non-Executive Directors is considered by the Board to be independent in accordance with provision B.1.1 of the Code, and have been so throughout the year. The Non-Executive Directors provide a strong, independent element on the Board and are well placed to constructively challenge and scrutinise the performance of management. They bring robust opinions, knowledge and skill to Board discussions. Jock Worsley, who was a Director until 17 February 2014, had served for more than nine years on the Board but the Board do not believe that the length of his tenure affected his independent judgement.

The Nomination Committee reviewed the Board and Committee composition during the year and certain changes were made, which are described in the Nomination Committee Report on page 50.

The Board is collectively responsible for the long-term success of the Company. Its principal responsibilities are to:

- Set the Group's standards, values and principles.
- Set the Group's strategy and long-term objectives.
- Approve the annual operating and capital expenditure budgets.
- Approve Financial Statements, dividend policy and declaration of dividends.
- Approve major capital projects, material contracts, major investments or disposals.
- Approve changes to Board composition.
- Oversee the Group's operations and reviewing performance in light of the Group's strategy, objectives, business plans and budgets.
- Ensure that a sound system of internal control and risk management is maintained.

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Certain aspects of the Board's responsibilities have been delegated to appropriate Committees, whose principal responsibilities are:

Committee	Role and terms of reference	Membership	Minimum number of meetings per year
Audit	Reviews the Group's financial reporting, recommends to the Board that the Report and Accounts should be signed, reviews internal financial control, and assesses the independence and effectiveness of the internal and external auditors.	At least three Directors. Only independent Directors can be members.	Four
Risk	Oversees the Risk Management Framework of the Group and assists the Board in discharging its responsibilities for the integrity of the Group's internal control and risk management systems.	At least three Directors. Only independent Directors can be members.	Four
Remuneration	Sets the remuneration policy for the Group and the individual remuneration of the Executive Directors and other staff designated as Code staff under The Remuneration Code.	At least three independent Directors. The Board Chairman may also be a member.	Three
Nomination	Reviews the composition of the Board and its Committees and ensures that appropriate procedures are in place for the nomination, selection, training and evaluation of Directors and that there is an effective framework for succession planning.	At least three Directors, the majority of which are independent.	Two
Executive	Manages the day-to-day running of the Group, including the development and implementation of strategy, monitoring of operating and financial performance and the prioritisation and allocation of resources.	Membership is determined by the Chief Executive.	Twelve

A report from the Nomination, Audit, Risk and Remuneration Committees is set out on pages 43 to 64. The Group has established a Corporate Responsibility Committee which is chaired by Sir Stephen Lamport, a Non-Executive Director. More details of the Group's Corporate Responsibility policy are set out on pages 65 to 68.

Attendance at scheduled meetings held during the year is set out below. The Audit and Board Risk Committees held two joint meetings during the year to review the ICAAP.

	Board	Remuneration	Nomination	Audit	Risk	Joint Audit and Risk
Non-Executive Chairman						
Simon Miller ¹	8/9	6/8	2/2	n/a	n/a	n/a
Executive Directors						
David Nicol	9/9	n/a	2/2	n/a	n/a	n/a
Stephen Ford	9/9	n/a	n/a	n/a	n/a	n/a
Andrew Westenberger	9/9	n/a	n/a	n/a	n/a	n/a
Michael Williams	9/9	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors						
Ian Dewar ²	8/8	1/1	n/a	7/7	3/3	1/2
Stephen Lamport ³	9/9	6/7	n/a	5/9	2/5	n/a
Angela Knight ⁴	9/9	7/7	2/2	9/9	5/5	2/2
Caroline Taylor ⁵	4/4	1/1	1/1	0/0	n/a	1/1
Paul Wilson ⁶	7/7	5/5	1/1	n/a	2/2	2/2
Jock Worsley ⁷	4/4	3/3	n/a	5/5	2/2	n/a

¹ Simon Miller became Chair of the Nomination Committee on 31 March 2014.

² Ian Dewar was appointed to the Board on 15 November 2013, as Chair of the Audit Committee and as a member of the Risk Committee on 17 February 2014 and as a member of the Remuneration Committee on 22 July 2014.

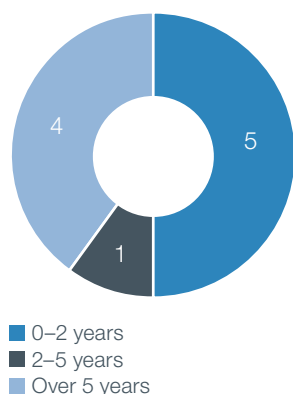
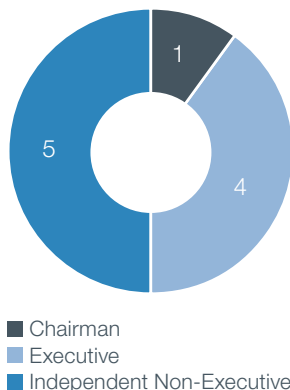
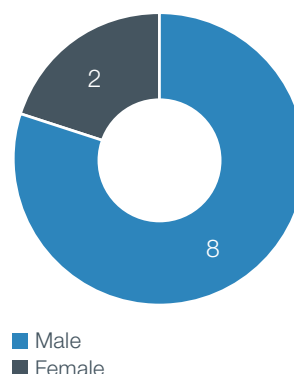
³ Sir Stephen Lamport resigned from the Risk Committee on 31 March 2014, and the Audit and Nomination Committees with effect from 22 July 2014.

⁴ Angela Knight resigned from the Remuneration Committees with effect from 22 July 2014.

⁵ Caroline Taylor was appointed to the Board on 21 May 2014 and to the Audit, Remuneration and Nomination Committees with effect from 22 July 2014.

⁶ Paul Wilson was appointed to the Board on 9 December 2013, as Chair of the Remuneration Committee with effect from 17 February 2014, to the Risk Committee with effect from 31 March 2014 and to the Nomination Committee with effect from 22 July 2014.

⁷ Jock Worsley resigned from the Board, Risk and Audit Committees with effect from 17 February 2014.

Length of tenure of Directors
at 28 September 2014Balance of Executive and Non-Executive
Directors at 28 September 2014Balance of male and female Directors
at 28 September 2014

The Chairman and Non-Executive Directors meet periodically without Executive Directors present and, at least once a year, the Senior Independent Director meets with Non-Executive Directors without the Chairman present.

At least one of the scheduled Board meetings is devoted to reviewing the Group's strategic objectives, which provides a further opportunity for all Directors and particularly the Non-Executive Directors to ensure that the strategy is rigorously reviewed and challenged and that the processes in place for assessing its implementation are effective.

Development

Appropriate training and induction is made available to newly appointed Directors, taking into account any previous experience they may already have as Directors of a public limited company or otherwise. The induction programme for new Directors will typically include meetings with the Executive Directors and members of the senior management team covering the Board, the business, finance, regulation and risk, operations and key change programmes as well as branch visits.

Training sessions are undertaken for the entire Board and individually as appropriate. The whole Board training programme for the year included briefings on the ICAAP, Directors' duties in a regulated entity, risk management and internal control and detailed briefings from the business.

The roles of the Chief Executive and Chairman

There is a clear division of duties between the Chief Executive and the Chairman, with roles that have been clearly defined in writing and are reviewed annually and agreed by the Board. This ensures that a clear balance of power and authority is present.

Board evaluation

In line with the Code, a formal evaluation of the Board and its Committees is carried out on an annual basis and at least every three years is facilitated by an independent third party. The 2014 evaluation was facilitated by Trust Associates Limited, who had no other links to the Company.

Trust Associates facilitated a Board performance evaluation in 2011 and noted that there has been significant progress made in implementing the recommendations from that review. There were no material areas of concern highlighted from the 2014 review, though some areas for improvement were identified. The Board has agreed appropriate actions to address these areas which include spending more, regular time on forward looking issues, developing further the ways in which the Board hold the Executive to account for performance and implementation of strategy, and continuing the work being done through the Board Committees to strengthen the assurance being provided to the Board.

Overall, the evaluation process confirmed that the Board was operating effectively within a culture that allowed open and challenging debate and that all Directors individually made valuable contributions and demonstrated commitment to the role.

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Appointment of Directors

The Company's Articles of Association, the Companies Act 2006 and other applicable regulations and policies govern the appointment of the Directors. The Directors' service agreements or letters of appointment (as applicable) are available for viewing via the Company Secretary. Directors may be elected by shareholders in a general meeting or appointed by the Board of Directors in accordance with the provisions of the Articles of Association. In accordance with the Code all Directors will be subject to annual re-election at the Annual General Meeting.

The Chairman has considered the performance of Directors as part of the annual Board evaluation process and recommends that all Directors be re-elected by shareholders. Biographical details can be found on pages 36 and 37.

Directors' conflicts of interest

The Board has a policy and effective procedures for managing and, where appropriate, approving conflicts or potential conflicts of interest. It is a recurring agenda item at all Board meetings and gives each Director the opportunity to raise any conflict of interest they may have, or to update the Board on any change to a previous conflict of interest already lodged. A Register of Conflicts is held by the Company Secretary and a log of all conflicts raised is maintained and updated accordingly. All Directors are aware that it is their responsibility to raise and update any conflicts of interest they may have.

Internal control and risk management

The Board undertakes a full review of all aspects of the Group's business to identify the main risks to the business and the key controls to counter those risks. The Board recognises that its risk management strategy is essential for achieving good business governance to protect stakeholders and enhance shareholder value. The Board has adopted a risk-based approach to establish a system of internal control. It reviews its effectiveness periodically, by receiving ongoing reports on internal control from the Audit Committee and the Board Risk Committee.

An explanation of the Group's risk framework is given in the Risk Committee Report on page 45.

The Directors are responsible for the system of internal control established by the Group, reviewing its effectiveness and reporting to the shareholders that they have done so.

They report as follows:

- (i) There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group as outlined above and in the Board Risk Committee report on pages 43 to 45. This has been in place for the period under review and up to the date of approval of the Annual Report and Accounts. It is regularly reviewed by the Board and accords with the revised Turnbull guidance in the Code. Any system of internal control is designed to highlight and manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board has implemented the 'Three Lines of Defence' model to ensure a robust and effective framework to manage internal controls and risks across the organisation. It facilitates the decision making process while providing effective governance around risk management and assurance.
- (ii) Financial results, key operating statistics and controls are reported to the Board regularly, and variances are followed up. Regular reports are received from the Regulation and Risk, and Internal Audit functions.
- (iii) The Directors have reviewed the Group's system of internal controls and compliance monitoring and believe that these provide assurance that problems have been identified on a timely basis and dealt with appropriately throughout the period under review and up to the date of approval of the Annual Report and Accounts. Both the Audit Committee and the Board Risk Committee assist the Board in discharging its review responsibilities.
- (iv) There is a whistleblowing policy detailing the internal or external procedures through which employees are able to raise any concerns.

Company Secretary

The Company Secretary is responsible for advising the Board on all Corporate Governance matters as well as ensuring good information flows within the Board and its Committees. All Directors have access to the services of the Company Secretary and may take, if necessary, independent, professional advice at the Company's expense.

Insurance

The Company maintains appropriate insurance cover in respect of litigation against the Directors.

Relationship with shareholders

The Company places a great deal of importance on communication with shareholders and aims to keep shareholders informed by regular communication. The Chairman, Chief Executive, Finance Director and Head of Investment Management meet regularly with the Group's institutional investors, analysts and financial press. Annual and interim reports are distributed to other parties who may have an interest in the Group's performance and the Group's website is kept up-to-date covering all corporate activity. The Board is provided with regular feedback following meetings with shareholders. The Company recognises the importance of ensuring effective communication with all of its shareholders. The Company welcomes all shareholders to its AGM, with the opportunity to ask questions formally at the meeting or more informally with all members of the Board afterwards. The Company's policy is to announce the number of proxy votes cast on resolutions at the AGM. For shareholders who are clients of Brewin Dolphin Limited and who hold their shares in one of our nominee accounts, we provide an online voting service on the Group website for shareholders to vote before our AGM.

Model Code

The Company has its own internal dealing rules which extend the FCA Listing Rules Model Code provisions to all employees.

Louise Meads

Company Secretary

2 December 2014

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“The Company has undertaken a fundamental review of risk governance, risk processes, methodology and risk appetite as part of developing its risk management framework.”



Angela Knight
Senior Independent Director

Risk Committee Chairman's overview

Identification of the key risks faced by a company and the management and control of the risks, is an important activity and particularly for a company operating in the financial services industry. In order to bring clarity and focus on risk issues across the Group, three years ago the Board established a Board Risk Committee ('the Committee').

This report sets out the roles and responsibility of the Committee, its membership and its work of the last year.

As the Committee has oversight of the Risk Management Framework of the Group and specifically the effectiveness of risk management governance and of regulation activity, during the year a fundamental review of risk governance, risk processes and methodology and risk appetite, has taken place for the purposes of developing this framework. The Committee role has been in reviewing and challenging this work including all key components of the revised framework and recommending the outcomes for approval by the Board.

The Committee has also examined how risk appetite is determined and expressed, with the result that this has been enhanced and the metrics used to monitor risk profile against the risk appetite have been improved.

A third key area of work of the Committee has been to review jointly with the Audit Committee developments in relation to the Internal Capital Adequacy Assessment Process ('ICAAP') and to improve the governance, quality and use of the ICAAP.

The Committee also supports the Board in its consideration of the business activities that expose the business to material risk, taking into account forward looking aspects of risk exposure. The Committee advises the Board on the considerations and processes for setting the risk appetite and related tolerances, with the Board retaining responsibility for approval of the risk appetite.

Role and responsibilities of the Board Risk Committee

In addition to its responsibilities for the Risk Management Framework and governance, risk appetite and the ICAAP as already set out, the Committee has remained closely interested in the development of the Group's investment processes. We see this as a key part of the group-wide initiative of being in the forefront of efficiency with standards that underpin excellence of service and being assured that all clients are treated fairly and receive suitable advice.

The Committee receives a report on operational and regulatory issues at every meeting and other key matters arising from the executive Risk Management Committee ('RMC') which is chaired by the Head of Regulation & Risk and includes the Chief Executive, Head of Investment Management, Head of Operational Risk, the Finance Director, the Chief Operating Officer and heads of key support functions. Its work includes the development of the Group Risk Framework and ICAAP, risk and compliance management information, progression of initiatives to mitigate risks and to approve policies and policy standards.

The Committee reports on its proceedings to the Board and on any appropriate matters to the Audit Committee. It identifies any issues it considers where action and improvements are needed and makes recommendations on the steps to be taken.

The Committee has reviewed its terms of reference during the year in conjunction with the Audit Committee to ensure that the roles and responsibilities of each are clear and areas of overlap are minimised. Terms of reference are then referred to the Board for approval.

In summary, the Committee is responsible for:

- Reviewing the Group's risk framework and approving risk policies, standards and limits within the overall appetite and tolerance approved by the Board.
- Reviewing the Group's processes for determining risk appetite tolerance and monitoring compliance with approved risk tolerance levels.
- Reviewing the Group's material risk exposures and the mitigations in place to control them.
- Keeping under review the framework and effectiveness of the Group's internal control and risk management systems.
- Reviewing and challenging the Group's Internal Capital Adequacy Assessment Process.
- Approving the annual compliance plan for the Group.
- Ensuring that the Regulation and Risk function has adequate resources and independence to enable it to perform its function effectively.

Committee members

The Committee is chaired by Angela Knight and comprises three independent Non-Executive Directors (Angela Knight, Ian Dewar and Paul Wilson). The Group Head of Regulation and Risk was a member of the Committee for part of the year however a review of the Committee's composition and terms of reference determined that it was more appropriate for the Head of Regulation and Risk to be a standing attendee than a full member. Other standing attendees include the Chief Executive, Finance Director, Head of Investment Management and representatives from internal and external audit are invited to attend meetings where appropriate. Attendance at meetings and changes to composition in the year are set out on page 39.

Committee activities

The Committee has met five times during the year and attendance at those meetings is shown on page 39 of the Corporate Governance Report. The work of the Committee has followed an agreed annual work plan, which evolved during the year in response to changes in both the external and regulatory environments.

During the year the Committee undertook the following activities:

Group Risk Framework

An extensive gap analysis of the Group Risk Framework against current regulation and guidance was conducted during the year. Areas were identified as requiring improvement, the revised framework was developed accordingly and reviewed by the Committee. As part of this work, the Committee reviewed and challenged the key components which included risk evaluation matrices, risk appetite, risk policies and the ICAAP process. The full implementation of the revised risk management framework will continue into 2014/15.

Key Group risks

The Committee continued to monitor the key risks against the changing external and regulatory environment and the strategy adopted by the Board. The Committee reviewed and revised key risk matrices and risk categorisations and the results of a mapping exercise undertaken to clarify how risks were being captured in the new framework. The Committee agreed the revised principal risks which are set out on page 27.

ICAAP

The Risk Committee and Audit Committee worked together for the purposes of considering the ICAAP. Approval was given to the approach to develop a more robust ICAAP methodology, the outcome reviewed and after consideration and challenge its approval was recommended to the Board.

Regulatory oversight

The Committee maintained the oversight of the regulatory risks throughout the organisation and discussed the specific management actions identified to address or mitigate issues which arose during the year.

Reporting

The Committee reviewed regular reports from the Group Head of Regulation and Risk covering regulatory engagement in the period, key operational risk findings, compliance monitoring activities, regulatory developments, complaints data, financial crime policy key activities and progress against plans and resources.

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Risk Management Framework

The Group's Risk Management Framework describes the environment in which risks are identified, recorded, assigned clear ownership, analysed and measured, controlled, monitored, reported and governed within risk appetite and tolerances set by the Board. It also includes the ICAAP which, amongst other things, assess the amount of capital the Group should hold against its risks.

In summary:

- Risks and risk ownership are identified and classified in a top down process by the Board, the Board Risk Committee and Executive, validated by a bottom up view of key risks from operational management levels. This process includes careful analysis of those risks which are most relevant and important, having regard to the impact upon the Group were they to crystallise into an event.
- Appetite and tolerance levels for key risks are determined by the Board, advised by the Executive and having regard to operational information, to determine the level of risk that the Board is prepared to accept.
- Risk appetite and tolerances are applied to help determine a control framework comprising policies, systems and other mitigants the Group should operate to control actual risk exposures. The controls act to reduce the probability of a risk crystallising into an event and the impact if it does.
- The Group maintains systems and databases to measure, monitor and test the effectiveness of controls and monitor risk management performance.
- Governance of the Risk Management Framework is exercised principally through the Risk Management Committee, the Committee and the Board. The Risk Management Committee receives and reviews a variety of risk management information and acts as the central approval mechanism for approving policies within the risk appetite and tolerances set by the Board and makes recommendations for the Committee to consider and approve for reference to the Board regarding the key risks, risk appetite and tolerances and the results of the ICAAP.
- The effectiveness of the Risk Management Framework and the control environment is tested by Internal Audit and additional assurance is provided through Audit Assurance Faculty ('AAF') Assurance reports performed in conjunction with internal and external auditors.

Further work will be undertaken in 2014/15 to enhance the ability to measure more directly risk management performance against the risk appetite and tolerances set by the Board. This will further enhance the ability of the Board and Committees to test and challenge the performance of the business.

Risks and uncertainties

The principal risks to the business are assessed and reviewed by the RMC, subsequently reviewed by the Board Risk Committee and then considered by the Board. The register of principal risks is formally approved by the Board. A description of the Group's principal risks and uncertainties together with the key mitigants and controls are set out in the Strategic Report on page 27.

The Group's principal risks are categorised as Business and Strategic Risk, Financial Risk and Operational Risk. The Group has deployed a range of preventative and detective controls which, together with insurance, mitigate its risks.

The Committee keeps these risks under regular review to ensure that the Group manages its risk profile within its appetite and capacity for risk.

Angela Knight

Chairman of the Risk Committee

2 December 2014

“It has been a year of both transition and challenge for the Audit Committee as we have sought to meet ever higher expectations of Non-Executive Directors.”



Ian Dewar
Non-Executive Director

Audit Committee Chairman's overview

I was delighted to take over the Chairmanship of the Committee on Jock Worsley's retirement and am pleased to welcome Caroline Taylor as a new member of the Committee. She brings a wealth of knowledge and experience in Operations and IT, both of which are areas of focus for the Committee. Caroline replaces Sir Stephen Lamport, who I would like to thank for his insightful comments and contribution over many years.

During the year we appointed PricewaterhouseCoopers ('PwC') to replace Grant Thornton LLP as internal auditors and they are nearing the end of a very full programme of audits. We receive extensive reports from Internal Audit both in Committee and in separate private briefings and have established a new system for tracking management actions taken in response to the issues they raise. As of October 2014 they have completed 17 of the 32 audits planned for the 2014 calendar year. We are about to carry out an assessment of the effectiveness of PwC at the end of their first year in role.

We have also had change in External Audit with the rotation of our previous audit partner at the end of last year's audit. We are very conscious of the Code requirement to put the external audit out to tender every 10 years and currently intend to do so during the course of our new partner's five year term.

As well as spending time on the regular activities set out in this report the Committee had a particular focus on the accounting and control implications of the decision taken to not rollout a new technology system for the Group, and has been closely monitoring the implementation of a new investment process. We have also worked extensively with the Risk Committee in completing the Group's ICAAP. Looking ahead to 2014/15 we will continue our focus on the investment process and IT/Operations.

Role and responsibilities of the Audit Committee

The Committee is a formally constituted Committee of the Board whose terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code ('the Code'). The terms of reference are considered annually by the Committee and subsequently referred to the Board for approval.

The Committee is responsible for:

- Monitoring the integrity of the Accounts of the Group and any formal announcement relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein, prior to their submission to the Board.
- Reviewing the Group's framework and effectiveness of the Group's system of internal financial controls.
- Making recommendations to the Board on the appointment or reappointment of the external auditors and on the approval of their remuneration and terms of engagement.
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process.
- Maintaining and reviewing the policy on the engagement of the external auditors to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.
- Monitoring the work of the Group's Internal Audit function and reviewing its effectiveness.
- Reviewing the Group's procedures for handling allegations from whistleblowers and for detecting fraud.
- Reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls.

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The Committee maintains a formal schedule of items that are to be considered at each Committee meeting and within the annual audit cycle, to ensure that its work is in line with the requirements of the Code and all areas of its remit are addressed. The items to be reviewed are agreed by the Committee Chairman on behalf of his fellow members. Each member can require reports on additional matters of interest. The Committee reports its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations on the steps to be taken.

The Chief Executive, Finance Director, Head of Investment Management, Head of Regulation and Risk, and Head of Internal Audit normally attend Audit Committee meetings. At the Committee's request, other senior management are invited to present reports as relevant and the external auditors attend a number of meetings.

The number of meetings and attendance for the year are on page 39 of the Corporate Governance Report.

Committee members

The current members of the Committee are the independent Non-Executive Directors Ian Dewar (Chairman), Angela Knight and Caroline Taylor. The composition of the Committee is reviewed by the Nomination Committee which makes recommendations for change to the Board as appropriate. The composition of the Committee was reviewed by the Nomination Committee during the year and the Board approved some changes to reflect the appointment of new Non-Executive Directors. Attendance at meetings and changes to composition in the year are set out on page 39.

Ian Dewar is the member of the Committee considered by the Board to have recent and relevant financial experience as he is a Chartered Accountant who was a partner at KPMG until 2013. Other members of the Committee have extensive experience of the financial services industry.

The Group provides an induction programme for new Committee members as appropriate, taking into account their existing experience and ongoing training to enable the Committee members to carry out their duties.

Committee activities

Financial reporting

- Reviewed the Annual Report and Accounts, and the Interim Report. As part of these reviews, the Committee received a report from the external auditors on the audit of the Annual Report and Accounts.
- Received a report from the external auditors on their review of the effectiveness of controls across the Group and reviewed a report on management action taken in response to that report.
- Reviewed the effectiveness of the Group's internal financial controls and disclosures made in the Annual Report and Accounts on this matter.
- Reviewed the Annual Report to ensure that, taken as a whole, it is fair, balanced and understandable and that it provides the necessary information for shareholders to assess performance, business model and strategy.

Internal Audit

- Conducted a formal tender process for the provision of Internal Audit services and selected PwC to provide Internal Audit services to the Group from January 2014. Internal Audit services were previously provided by Grant Thornton LLP.
- Reviewed and approved the new Internal Audit plan for the year.
- Reviewed reports from Internal Audit including management responses to the findings of the reports and their proposals.
- Reviewed how issues identified for action, whether arising from Internal Audit reports or from internal control processes, are identified, progressed and reported to ensure that there is an effective framework for the management of issues within the Group.

Money laundering reports

- Reviewed the formal report from the Group's Money Laundering Reporting Officer on the operation and effectiveness of systems and controls relating to anti-money laundering and the prevention of financial crime.

ICAAP

- Worked with the Board Risk Committee to approve the approach to developing a more robust ICAAP methodology.
- Reviewed the ICAAP that was produced based on this revised methodology and after extensive review and challenge of the ICAAP and its key components, recommended its approval to the Board.

Whistleblowing

- Reviewed the Company's procedures for handling allegations from whistleblowers and approved a revised policy which more clearly identified the process for employees to follow and the independent Non-Executive Director to which concerns can be escalated in confidence.

External auditors

- Reviewed, considered and agreed the scope and methodology of the audit work to be undertaken by the external auditors.
- Agreed the terms of engagement and fees to be paid to the external auditors for the audit of the 28 September 2014 Accounts.
- Evaluated the independence and objectivity of the external auditors.

Terms of Reference

- Reviewed its terms of reference in conjunction with the Board Risk Committee to ensure clarity of their respective roles and responsibilities, and recommended revised terms of reference to the Board for approval.

Financial reporting and significant financial judgements

The Committee reviewed the following significant risks and issues in relation to the Group Accounts and disclosures for the year ended 28 September 2014:

- The effects of the decision taken by the Board to cease the roll out of a major technology programme to the whole Group and specifically the impairment of the Intangible Asset carried and the provision for future licence payments in respect of the software.
- The carrying value of Goodwill and Client Relationships with a particular focus on any indications of impairment, the amortisation periods for Client Relationships and the estimates of shares to be issued and deferred purchase consideration in respect of acquisitions of businesses and client relationships based on discounted estimates of future earnings.
- Assumptions underlying the calculation of retirement benefit obligations.
- Estimates of the fair value of equity instruments used for the settlement of share-based payments made under the Group's employee incentive plans, including assumptions on the likelihood of meeting the performance conditions attached to those awards.
- Onerous contract provisions primarily in respect of surplus space identified as part of a review of the Group's property portfolio taking into account the uncertainty of future rental income.

These issues were discussed with management at various stages during 2013/14 and during the preparation and conclusion of the Accounts. After reviewing the presentations and reports from management the Committee is satisfied that the Accounts appropriately address the critical judgements and key estimates, both in respect of the amounts reported and the disclosures made. The Committee has discussed these issues with the auditors during the audit planning process and at the conclusion of the year end audit and is satisfied that its conclusions are in line with those drawn by the auditors in relation to these issues.

Internal Audit

The Internal Audit function was conducted from September 2013 to January 2014 by Grant Thornton LLP, who had been providing Internal Audit services to the Group since January 2009. As part of its review of the effectiveness of the Internal Audit function, the Committee determined that the Group would benefit from refreshing the firm providing these services and a formal tender process was conducted. PricewaterhouseCoopers was selected as the new partner and began providing Internal Audit services to the Group in January 2014.

The Committee will conduct a formal assessment of the effectiveness of the Internal Auditor in January 2015.

External auditors

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The policy sets out the categories of any non-audit services which the external auditors will be allowed to undertake and provides an approval process for the provision of any other non-audit services. This policy is available on the Investor Relations section of the Group's website, under the Board Committees subsection.

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

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In determining the effectiveness of the external audit the Committee takes account of the following factors:

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

Following its review of the effectiveness of the 2013/14 audit, the Committee is satisfied that the external auditor, Deloitte, continues to provide an effective audit and recommended to the Board that reappointment of the auditor be proposed to shareholders at the 2015 AGM. In accordance with UK regulations, the Group's auditor adheres to a rotation policy based on best practice and a new Group lead engagement partner is appointed in place of the previous lead engagement partner once he has completed a term of five years in that role. A new lead audit partner was appointed for the 2013/14 audit.

The Committee has considered the existing UK Corporate Governance Code provision for companies to put the external audit contract out to tender at least every 10 years and also the Financial Reporting Council's guidance on aligning the timing of such re-tenders with audit engagement partner rotation. It has also noted the proposed transitional arrangements with respect to audit tendering to fit the five-yearly cycle of partner rotation. The Committee's current intention is that it will initiate a re-tendering process before the end of the current audit partner's rotation (2017/2018). This will be kept under review and the Committee will use its regular reviews of auditor effectiveness to assess the most appropriate time for such a re-tender during that period.

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

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

Fair, balanced and understandable report and accounts

The Committee has performed a review of the report and accounts to ensure that it is fair, balanced and understandable. Ensuring that this standard is met requires continuous assessment of the financial reporting issues affecting the Group on a year round basis, in addition to a focused review as part of the Annual Report production process. This focused review includes a qualitative review of disclosures and a review of internal consistency throughout the Annual Report and Accounts, taking account of the consistency of the presentation of risks and significant judgements throughout the main areas of risk disclosure.

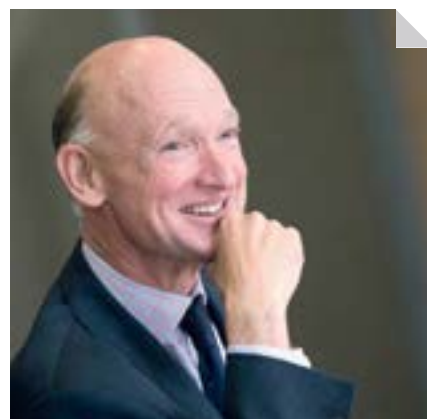
The Directors' statement on a fair, balanced and understandable Annual Report and Accounts is set out on page 71.

Ian Dewar

Chairman of the Audit Committee

2 December 2014

“The Nomination Committee continued to review Board composition throughout the year and I am delighted to have strengthened the Board with further Non-Executive appointments.”



Simon Miller
Chairman

Nomination Committee Chairman's overview

The Nomination Committee has continued to review the composition of the Board during the year and made recommendations to the Board on the appointment of three new Non-Executive Directors to refresh the Board and improve the overall executive/non-executive balance. The Committee also reviewed the composition of the Board Committees and made recommendations to the Board for changes which utilised the experience of the newly appointed Directors. One of the outcomes of this review was that it was most appropriate for the Committee to be chaired by the Board Chairman and I consequently became Chairman of the Nomination Committee in March 2014.

In addition to the focus on Board and Committee composition, the Nomination Committee has spent time reviewing the succession plans at both Board and senior management level.

Role and responsibilities

The Committee is responsible for reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. It does this through a formal assessment of each Director's skills and experience to identify any skills gaps that need to be addressed and to assist with Board succession planning.

In addition to this, the Committee manages the search process for new Directors, recommends to the Board the appointment of new Directors and considers succession plans for the Board and other senior roles.

Committee members

The Committee comprises Simon Miller (Chairman), Angela Knight, David Nicol, Caroline Taylor and Paul Wilson. Attendance at meetings and changes to composition in the year are set out on page 39.

Committee activities

During the year, the Nomination Committee met twice although some of its work relating to the appointment of new Non-Executive Directors was conducted as part of full Board meetings.

The Committee used external search consultants, Egon Zehnder, to identify suitable candidates for the appointments of two new Non-Executive Directors, Paul Wilson and Ian Dewar, based on a role specification which was prepared taking into account the general balance of skills and experience of the Board and the need to refresh the Chairmanship of the Audit and Remuneration Committees. Egon Zehnder does not have any other connection with the Company. In considering the most appropriate method of identifying a third Non-Executive candidate, Caroline Taylor, the Committee felt that having just completed an extensive search for two other Non-Executive Directors that it would be more appropriate to identify a suitable candidate through the Group's own extensive contact base. Accordingly Paul Wilson, Ian Dewar and Caroline Taylor were identified, interviewed, referenced and appointed.

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The Board believes that appointments should be based on merit, compared against objective criteria, with the ultimate aim of ensuring the Board has the right skills, knowledge and experience that enable it to discharge its responsibilities properly. Consideration of the benefits of diversity on the Board in all its aspects, including gender, is an important part of this process. The Board has reviewed its policy on gender diversity during the year and has committed that it will aim to have at least 25% of women members by September 2015. Women currently represent 20% of the Board, compared to 12.5% at 29 September 2013, and 20% of the Executive Committee, compared to 14% at 29 September 2013. Further information on diversity within the Group can be found on page 66.

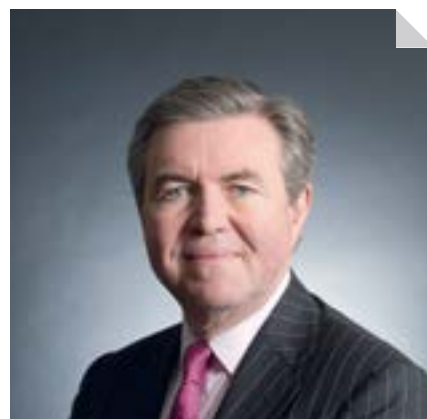
The Committee reviewed the Board and senior management succession plan as well as the framework used for succession planning more widely within the Group. The Committee also reviewed the composition of the Board Committees and recommended change to the Board for approval, taking into account the need to refresh Committee membership and to utilise the experience of the newly appointed Non-Executive Directors.

Simon Miller

Chairman of the Nomination Committee

2 December 2014

“We are seeking to improve the remuneration systems and how we reward the right behaviours among our people to ensure alignment to the corporate strategy.”



Paul Wilson
Non-Executive Director

Remuneration Committee Chairman's overview

As recently appointed Chairman of the Remuneration Committee, I am pleased to present the report on the work of the Committee during the 2013/14 financial year. We view the remuneration strategy and approach of Brewin Dolphin as an important part of our successful commercial strategy as a firm. As we constantly seek to improve our marketplace performance and improve the service we provide to clients, so we are seeking to improve the remuneration systems and how we reward the right behaviours among our people.

The Committee made important changes to the Executive Directors' Remuneration Policy last year including the introduction of a Long-term Incentive Plan with performance targets linked to profitability and operating margin, accompanied by a reduction in the maximum annual bonus payable to Executive Directors. These changes were designed to ensure that incentive arrangements had clear and stretching targets which were aligned to the Group's strategy and the long-term interests of shareholders. The Group has delivered strongly on its profitability and efficiency targets for the year however there were also challenges and this has been reflected in the annual variable remuneration awarded to the Executive Directors. More details of these targets and the Committee's assessment of the Executive Directors' performance are set out on page 58 of this report.

Building on the work done last year to align executives' Remuneration Policy with Group strategy, the Committee has been focused this year on reviewing similarly our wider remuneration strategy. Through a dedicated remuneration strategy session, the Committee explored all aspects of the Group's remuneration policies, including talent and performance management programmes, remuneration package components, regulation and the role of the Committee. This review highlighted areas of the firm's people and remuneration strategy that need development and these changes will be our focus for the coming year. There will be a particular focus on strengthening the link between performance and reward throughout the firm taking into account a broad range of factors that contribute to overall performance, such as client service.

Our regulators, the Financial Conduct Authority ('FCA'), have strong views on the remuneration policy of financial services firms. In particular, they believe our policies should ensure that variable remuneration awards are conditional, discretionary and contingent upon achieving sustainable and risk-adjusted performance. The FCA has issued guidance on the application of malus and clawback to variable remuneration and changes to the UK Corporate Governance Code include the requirement that variable remuneration schemes include provisions that would enable the Company to recover sums paid or withhold the payment of any sum in certain circumstances. It is clear that the pressure on companies to effectively address this issue is increasing and this is something that we have addressed by revising our share incentive plan rules to ensure that malus provisions are incorporated consistently and the policy for applying them is clear. We have more to do, however. There is also increasing focus from the FCA on how a firm's remuneration policies affect conduct risk and this is something that the Committee will also work on in the coming year.

The Directors' Remuneration Policy was approved by shareholders at the 2014 AGM and is unchanged. It has been included for information. The remainder of this report explains this policy and how the policy has been applied by the Committee during the year.

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Directors' Remuneration Policy – approved by shareholders at the 2014 AGM

This section of the Remuneration Report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Directors' Remuneration Policy for the Group. The policy has been developed taking into account the principles of the UK Corporate Governance Code, executive remuneration guidelines produced by shareholder organisations, and the remuneration principles of the FCA's Remuneration Code so far as they apply to the Group.

Overview

The Committee has full delegated responsibility for determining individual total remuneration for the Board Chairman, Executive Directors, members of the Executive Committee and any other employees designated as Code Staff under the Remuneration Code, with the exception of the Non-Executive Directors. The Committee's terms of reference are available on the Group's website.

In determining the Directors' Remuneration Policy, the Committee takes into account the following objectives:

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

The main principles of the policy are to:

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

Details of the remuneration components are provided in Figure 1 – the Remuneration Policy table for Executive Directors.

How the views of shareholders are taken into account

The Committee will regularly compare the Group's Directors' Remuneration Policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration.

If any material changes to the remuneration policy are contemplated, the Committee Chairman will consult with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year's Remuneration Report are provided in the Annual Report on Remuneration section of the Directors' Remuneration Report.

Consideration of employment conditions elsewhere in the Group

The Group applies a consistent remuneration philosophy for employees at all levels and the Committee takes account of the aggregate rate of base salary increase for all employees when determining increases in fixed pay for Directors.

All employees are eligible for performance-related annual bonus and the principle of bonus deferral applies to annual bonuses for employees whose bonuses exceed certain thresholds established by the Committee.

The Group does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Group's remuneration policies to their managers or the Human Resources department. The Committee monitors the effectiveness of the Group's remuneration policies in recruiting, retaining, and motivating employees, and receives reports on how the Group's remuneration policies are viewed by employees and whether they are meeting business needs.

The Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Group, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market.

Benchmarking

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

Future policy table

Figure 1 summarises the key aspects of the Group's Remuneration Policy for Executive Directors.

Directors' Remuneration Report (continued)

Figure 1: Remuneration policy table for Executive Directors

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity								
Total Fixed Pay	Provides a level of fixed remuneration sufficient to recruit and retain necessary talent, and to permit a zero variable pay award should that be appropriate.	Rather than having separate base salary, pension and benefits components, Executive Directors receive a Total Fixed Pay sum, which they can receive all in cash, or may choose to 'sacrifice' part of the cash and instead receive part as a defined pension contribution and/or fringe benefits such as private medical insurance, or long-term illness/disability insurance (known as 'Permanent Health Insurance'). In addition to their Total Fixed Pay, Executive Directors can benefit from life insurance at a level of six times annual salary. Individual levels of Total Fixed Pay are reviewed annually, with any increases normally effective from 1 January, unless there are exceptional reasons for an increase at another time of the year. Any increases are generally targeted at around the general level of salary inflation in the Group, but may vary from this for exceptional reasons such as a change in the individual's role or responsibilities, or a need to bring an individual's remuneration to a market competitive level.	Total Fixed Pay is benchmarked against relevant market levels of aggregate fixed pay (i.e. base salary+pension contribution+benefits, paid in the market), and is targeted to be not more than around median of relevant comparators.								
Annual variable pay (Discretionary)	Rewards annual Group and personal performance, and, through the use of deferral into shares, also aligns reward with longer-term performance.	<p>Executive Directors¹ are considered each year for a discretionary annual variable pay award, which takes account of both Group and personal performance. The main weighting is on Group financial performance.</p> <p>Group performance is assessed primarily by reference to a 'balanced scorecard' of Group financial key performance indicators ('KPIs') and targets, which are set each year by the Committee based on the priorities for the year. The KPIs may include, for example, profit before tax and operating profit margin. Non-financial KPIs may also be included in the scorecard, but non-financial performance has a lower weighting than financial performance. For each KPI, there is a threshold, target and 'stretch' (i.e. excellent) performance level; the maximum annual variable pay is paid for stretch performance.</p> <p>In common with all other employees of the Group, a significant proportion of variable pay is compulsorily deferred under the Deferred Profit Share Plan ('DPSP') into Brewin Dolphin Holdings PLC ('BDH') Ordinary Shares or nil-priced options over shares, which vest in one tranche, normally after three years. The deferral policy for Executive Directors is shown in the table below:</p> <table><tr><th>Portion of variable pay</th><th>What fraction is deferred?</th></tr><tr><td>Portion up to £50,000</td><td>None</td></tr><tr><td>Portion between £50,000 and 1 x fixed remuneration</td><td>One-third</td></tr><tr><td>Portion above 1 x fixed remuneration</td><td>Two-thirds</td></tr></table> <p>The Committee may seek to clawback annual variable pay in exceptional situations, such as misstatement of performance, failure of risk management or serious misconduct.</p>	Portion of variable pay	What fraction is deferred?	Portion up to £50,000	None	Portion between £50,000 and 1 x fixed remuneration	One-third	Portion above 1 x fixed remuneration	Two-thirds	The maximum individual award of annual variable pay is currently 1.5 x the Total Fixed Pay (except for Michael Williams ¹).
Portion of variable pay	What fraction is deferred?										
Portion up to £50,000	None										
Portion between £50,000 and 1 x fixed remuneration	One-third										
Portion above 1 x fixed remuneration	Two-thirds										
Long-term Incentive Plan ('LTIP') (Discretionary)	Rewards achievement of long-term performance objectives.	<p>Executive Directors will be eligible to be considered each year for a conditional award over BDH shares, which will vest in one tranche, normally no earlier than three years from the date of award. Vesting will be subject to performance conditions and targets set prior to each grant by the Committee. These performance conditions will be related to financial performance (e.g. EPS growth and profit margin percentage) and will be aligned to the business strategy. For each performance metric used, there will be a threshold level of performance at which no more than 25% of the portion of the award relating to that KPI will vest, and a stretch level of performance, at which 100% of the portion of the award relating to that KPI will vest.</p> <p>Executive Directors will be required to hold net of tax vested shares for a period of two years following vesting.</p> <p>The Committee may seek to clawback LTIP in exceptional situations, such as misstatement of performance, failure of risk management or serious misconduct.</p>	The normal maximum annual award under the LTIP rules is up to 100% of Total Fixed Pay (in face value of shares at grant), but may be up to 150% in exceptional circumstances.								

¹ Michael Williams is an Executive Director but, as an Investment Manager, is remunerated based on the performance of his team. His base pay is set substantially lower than other Executive Directors and his annual bonus is dependent on the profits of his Investment Management team and is not subject to a cap. One-third of the portion of his bonus above £50k is deferred into Brewin Dolphin Holdings PLC shares or nil-cost options over shares which vest in one tranche, normally after three years.

¹ Michael Williams is an Executive Director but, as an Investment Manager, is remunerated based on the performance of his team. His base pay is set substantially lower than other Executive Directors and his annual bonus is dependent on the profits of his Investment Management team and is not subject to a cap. One-third of the portion of his bonus above £50k is deferred into Brewin Dolphin Holdings PLC shares or nil-cost options over shares which vest in one tranche, normally after three years.

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Differences in remuneration policy for Executive Directors compared to other employees

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

External Non-Executive Director positions

Executive Directors are permitted to serve as Non-Executive Directors of other companies, on the grounds that this can help to broaden the skills and experience of the Director, provided there is no competition with the Group's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Group.

Where an outside appointment is accepted in furtherance of the Group's business, any fees received are remitted to the Group. If the appointment is not connected to the Group's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new Executive Director appointments

The remuneration package for a new Executive Director would be set in accordance with the terms and maximum levels of the Group's approved remuneration policy in force at the time of appointment.

The Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Group and shareholders, for the purpose of replacing awards or potential foreseeable earnings which are forgone by the individual on becoming an Executive Director. This includes the use of awards made under 9.4.2 of the Listing Rules. In considering any such payments the Committee would take account of the amount of remuneration foregone and the nature, vesting dates and any performance requirements attached to the remuneration foregone. Shareholders will be informed of any such payments and the rationale for these.

For an internal appointment, any deferred pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, ongoing remuneration obligations existing prior to appointment may be permitted to continue where this is considered to be in the best interests of the Group and shareholders.

For external and internal appointments, the Group may meet certain relocation expenses as appropriate.

Service contracts and loss of office payments

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. Notice periods are limited to six months by either party. If the Group terminates the employment of an Executive Director without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to six months Total Fixed Pay.

In cases of 'good leavers' the Committee may consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Group, although not for the period of any payment in lieu of notice or 'garden leave'.

In the event of a change of control of the Group there is no enhancement to these terms.

In summary, the contractual provisions are as follows:

Figure 2:

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

Any outstanding share-based entitlements granted to an Executive Director under the Group's LTIP or other share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied. In such cases, the normal practice, unless there are exceptional circumstances, is for any LTIP awards held to be pro-rated for the period of the performance period that has expired, and the performance conditions would continue to apply. Share awards under the Deferred Profit Share Plan ('DPSP') will vest in full on the original vesting schedule.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Directors' Remuneration Report (continued)

Legacy arrangements

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

Illustrations of application of remuneration policy

Figure 3a below shows the minimum (Total Fixed) remuneration, the target level of total remuneration (Total Fixed Pay + on-target annual variable pay + on-target LTIP vesting), and the maximum (Total Fixed Pay + Maximum Annual Variable Pay + Maximum LTIP vesting), for each Executive Director, excluding Michael Williams. Michael Williams participates in the Group's profit sharing scheme and is not subject to a maximum profit share cap. A separate chart showing minimum (Total Fixed) remuneration and actual total remuneration for 2014 is shown in Figure 3b as an illustration.

Figure 3a: Illustration of Executive Director total remuneration at different levels of performance

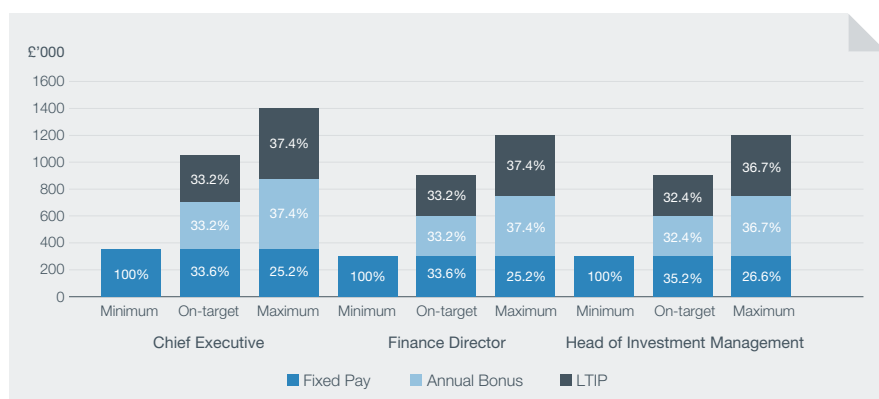
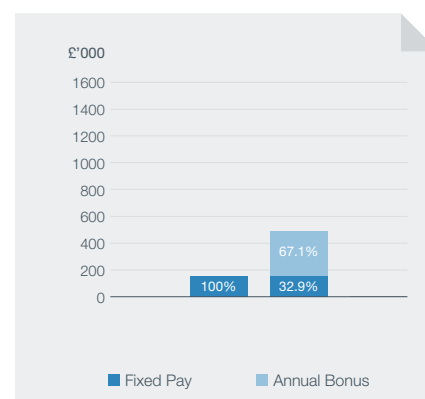


Figure 3b: Michael Williams' minimum remuneration and actual 2014 remuneration



Fees policy for the Board Chairman and other Non-Executive Directors

Figure 4, below, sets out the Group's policy on fees for the Board Chairman and other Non-Executive Directors.

Figure 4: Chairman and Non-Executive Directors' fees

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To pay a market competitive all-inclusive fee that takes account of the role and responsibilities	The Board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably-sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present).	<p>A resolution is being proposed at the 2015 AGM to increase the maximum aggregate fee for Non-Executive Directors to £700,000 (currently £450,000) to reflect the appointment of additional Non-Executives to strengthen the balance on the Board and give flexibility for succession planning. This is subject to review periodically though any increase in aggregate fee would be subject to approval by shareholders.</p> <p>The current fee for the Chairman is £160,000. This is subject to review periodically and potential change under this policy.</p>
Non-Executive Director fees	To pay a market competitive basic fee, and supplements for significant additional responsibilities such as Committee Chairmanships	<p>The Non-Executives are paid a basic fee. There are also supplements for Committee Chairmanships and the Senior Independent Director ('SID').</p> <p>The fee levels are reviewed periodically by the Chairman and Executive Directors.</p>	<p>As above.</p> <p>The current basic fee is £50,000, and supplements for the Committee Chairmanships and role of SID range between £5,000 and £12,000 but are subject to review and potential change periodically under this policy.</p>

Non-Executive Directors are engaged under letters of appointment; they do not have contracts of service and are not entitled to compensation on early termination of their appointment.

Compliance with the FCA Remuneration Code

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

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Annual Report on Remuneration – subject to advisory vote by shareholders at the 2015 AGM

This part of the report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and 9.8.6R of the Listing Rules. The Annual Remuneration Report will be put to an advisory shareholder vote at the 2014 AGM. The information on pages 57 to 61 has been audited.

Remuneration for the FY2014

Figure 5 below sets out the remuneration received by the Directors in relation to performance in the year to 28 September 2014 and the prior year comparisons.

Figure 5: Directors' Emoluments

£'000		Salary & Fees ¹	Benefits ¹	Pension ²	Annual Bonus ³	Long-term Incentive ⁴	Compensation for loss of office ⁵	Other ⁶	Total
Executive Directors									
Stephen Ford ^a	2014	300	3	–	360	n/a	n/a	20	683
	2013	160	3	–	197	n/a	n/a	11	371
David Nicol ^a	2014	350	–	–	420	n/a	n/a	–	770
	2013	184	–	–	230	n/a	n/a	–	414
Andrew Westenberg ^a	2014	300	2	–	360	n/a	n/a	–	662
	2013	225	2	–	281	n/a	n/a	–	508
Michael Williams	2014	155	1	5	329	n/a	n/a	5	495
	2013	155	1	10	401	n/a	n/a	9	576
Non-Executive Chairman									
Simon Miller ^a	2014	149	–	–	–	n/a	n/a	n/a	149
	2013	101	–	–	–	n/a	n/a	n/a	101
Non-Executive Directors									
Ian Dewar ^b	2014	39	–	–	–	n/a	n/a	n/a	39
	2013	–	–	–	–	n/a	n/a	n/a	–
Angela Knight	2014	51	–	–	–	n/a	n/a	n/a	51
	2013	47	–	–	–	n/a	n/a	n/a	47
Stephen Lamport	2014	44	–	–	–	n/a	n/a	n/a	44
	2013	43	–	–	–	n/a	n/a	n/a	43
Caroline Taylor ^c	2014	15	–	–	–	n/a	n/a	n/a	15
	2013	–	–	–	–	n/a	n/a	n/a	–
Paul Wilson ^d	2014	36	–	–	–	n/a	n/a	n/a	36
	2013	–	–	–	–	n/a	n/a	n/a	–
Jock Worsley ^e	2014	23	–	–	–	n/a	n/a	n/a	23
	2013	60	–	–	–	n/a	n/a	n/a	60
Previous directors	2013	732	24	31	–	n/a	575	n/a	1,362
Total	2014	1,462	6	5	1,469	n/a	n/a	26	2,968
	2013	1,701	35	41	1,110	–	575	20	3,482

Note 1: Executives can elect to use part of their total fixed remuneration to fund benefits including Permanent Health Insurance ('PHI') and Private Medical Insurance ('PMI'). Benefits in kind includes a notional interest free loan in relation to nil-paid shares and death in service insurance. The 2013 benefit and salary figures have been amended to move the value of PHI and PMI from benefits to salary as this forms part of the Directors' total fixed remuneration.

Note 2: Executives can elect to sacrifice fixed remuneration into the Group defined contribution pension scheme. Michael Williams is the only Director who received an employer's contribution during the year.

Note 3: This relates to the payment of the annual bonus for the year ending 28 September 2014. Annual bonus is subject to a mandatory deferral policy as set out on page 58. Directors can elect to sacrifice part of their annual bonus into the Group defined contribution pension scheme but there are no matching employer contributions for any such sacrificed amount. Stephen Ford was the only Director to do this during the year (£40,000).

Note 4: There are no long-term incentives vesting to Executive Directors during the relevant period. Awards granted under the DPSP are included in the bonus amount disclosed in the year awarded.

Note 5: The details of payments made to Directors who resigned from the Board during the previous year are set out on page 61 of the 2013 Annual Report.

Note 6: Relates to dividend equivalent payments made under the DPSP.

Note a: 2013 comparator figures reflect that each Director served for less than the full year to 29 September 2013. Andrew Westenberg was appointed as a Director on 1 January 2013. Stephen Ford and David Nicol were appointed as Executive Directors on 21 March 2013 and Simon Miller became Chairman on the same date.

Note b: appointed 15 November 2013.

Note c: appointed 21 May 2014.

Note d: appointed 9 December 2013.

Note e: resigned 17 February 2014.

Directors' Remuneration Report (continued)**Annual bonus for the year ended 28 September 2014**

Annual bonuses for the Chief Executive, Finance Director and Head of Investment Management are determined by the Committee based on an assessment of performance relative to Key Performance Indicators ('KPIs') which are selected to achieve a direct relationship between progress towards the Group's strategic goals and the bonuses that are awarded. The bonus award for Michael Williams, as an Investment Manager, is primarily assessed in relation to the profitability of his Investment Management team which was lower in 2014 relative to the previous year.

Figure 6.1 below shows the KPIs that were considered by the Committee, their weightings and the Committee's assessment of performance for the year.

Figure 6.1: Key performance indicators for 2014 bonus award

	Weighting	Threshold 25% of Fixed Pay	On-target 100% of Fixed Pay	Maximum 150% of Fixed Pay	Actual for year ending 28 September 2014	% of max bonus for this element awarded	Comment
Profit before tax ¹	35%	£50.1m	£55.0m	£59.2m	£60.2m	100%	Targets set in relation to prior year performance and budget
Operating Margin ¹	35%	19%	20%	21%	20.7%	83%	Targets set in relation to budget and market forecast
Non-financial performance indicators	30%	n/a	n/a	n/a	see below	53%	see below
Overall outcome						80%	

¹ Adjusted for exceptional items

The Executive Directors' performance over the year was assessed by the Committee against a range of non-financial criteria including the successful delivery of major projects, the quality and consistency of client outcomes and experience, the quality of engagement and relationship with the FCA, prudent risk management and employee related metrics. The Committee also took into consideration events over the year such as the write-off of a software intangible asset resulting from the decision to not roll out a new technology system for the Group.

Figure 6.2: 2014 Executive Directors' bonus awards

Based on this assessment of performance, the Committee has awarded the following annual bonuses to Executive Directors, with the split between cash and deferred shares as indicated in the table below:

Name	Role	Cash	Deferred Shares	Total	% of fixed pay
David Nicol	Chief Executive	£273,333	£146,667	£420,000	120
Stephen Ford	Head of Investment Management	£236,667	£123,333	£360,000	120
Andrew Westenberger	Finance Director	£236,667	£123,333	£360,000	120
Michael Williams	Investment Manager	£235,777	£92,889	£328,666	212

With the exception of Michael Williams, the maximum annual bonus for each individual Executive Director is 150 per cent of total fixed pay.

Annual bonus awards are delivered part in cash and part in deferred shares that vest after three years. The table below shows how the split is calculated:

Figure 6.3: 2014 Executive Directors' deferral rates for 2014 bonus award

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

In Michael Williams' case, as he is an Investment Manager with significantly lower base pay, the first £50,000 is in cash, and the balance above £50,000 is two-thirds cash/one-third shares.

The Committee has the discretion to adjust the final outcome upwards or downwards in the event that an exceptional event outside of the Executive Directors' control occurs which, in the Committee's opinion, materially affected the bonus out-turn. There were no such events during 2014.

Both the cash and share element of the bonus is subject to clawback. Please see the Directors' Remuneration Policy table for further details.

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Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards (which will vest in future years subject to performance and/or continued service).

Figure 7.1: Outstanding share options awards

	Scheme	Grant Date	Exercise Price	Number of options at 29 September 2013	Granted during year	Exercised during year	Lapsed during year	Number of options at 28 September 2014	End of Performance Period	Maturity / Vesting Date	Exercise Period
David Nicol											
	DPSP	05/12/13	0.00p	–	29,584	–	–	29,584	n/a	05/12/16	05/12/16 05/12/19
Total				–	29,584	–	–	29,584			
Andrew Westenberg											
	DPSP	05/12/13	0.00p	–	45,065	–	–	45,065	n/a	05/12/16	05/12/16 05/12/19
Total				–	45,065	–	–	45,065			
Stephen Ford											
	SEMP	18/12/06	184.50p	13,550	–	–	13,550	–	18/12/10	18/12/10	18/12/10 18/12/13
	SEMP	11/06/07	217.50p	4,597	–	–	4,597	–	11/06/11	11/06/11	11/06/11 11/06/14
	SEMP	14/12/07	162.50p	6,153	–	–	–	6,153	14/12/12	14/12/12	14/12/12 14/12/14
	SEMP	24/07/08	104.00p	24,038	–	–	–	24,038	24/07/12	24/07/12	24/07/12 24/07/15
	2004 ASOP	28/11/08	103.50p	10,000	–	10,000	–	–	28/11/13	28/11/13	28/11/13 28/11/18
	2004 ASOP	07/12/09	165.70p	4,000	–	–	–	4,000	07/12/14	07/12/14	07/12/14 07/12/19
	DPSP	02/12/10	0.00p	51,284	–	51,284	–	–	n/a	02/12/13	02/12/13 02/12/16
	DPSP	08/12/11	0.00p	121,746	–	–	–	121,746	n/a	08/12/14	08/12/14 08/12/17
	DPSP	06/12/12	0.00p	108,506	–	–	–	108,506	n/a	06/12/15	06/12/15 06/12/18
	DPSP	05/12/13	0.00p	–	69,398	–	–	69,398	n/a	05/12/16	05/12/16 05/12/19
Total				343,874	69,398	61,284	18,147	333,841			
Michael Williams											
	DPSP	02/12/10	0.00p	62,217	–	62,217	–	–	n/a	02/12/13	02/12/13 01/12/16
	DPSP	08/12/11	0.00p	35,405	–	–	–	35,405	n/a	08/12/14	08/12/14 07/12/17
	DPSP	06/12/12	0.00p	27,794	–	–	–	27,794	n/a	06/12/15	06/12/15 05/12/18
	DPSP	05/12/13	0.00p	–	41,559	–	–	41,559	n/a	05/12/16	05/12/16 05/12/19
Total				125,416	41,559	62,217	–	104,758			

Figure 7.2 : Outstanding performance shares awards

	Scheme	Grant Date	Number of shares as at 29 September 2013	Granted during year	Exercised during year	Lapsed during year	Number of Shares at 28 September 2014	End of Performance Period	Vesting date
David Nicol									
	LTIP	26/02/14	–	104,916	–	–	104,916	30/09/16	26/02/17
Total			–	104,916	–	–	104,916		
Andrew Westenberg									
	LTIP	26/02/14	–	89,928	–	–	89,928	30/09/16	26/02/17
Total			–	89,928	–	–	89,928		
Stephen Ford									
	LTIP	26/02/14	–	89,928	–	–	89,928	30/09/16	26/02/17
Total			–	89,928	–	–	89,928		

Directors' Remuneration Report (continued)**Deferred bonus**

The Executive Directors receive part of their annual variable pay under the DPSP as a deferred award in BDH shares, normally in the form of options with a zero exercise price. These options are subject to service conditions and vest in one tranche three years from the date of grant.

Share Incentive Plan ('SIP')

The Group has a Share Incentive Plan. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £125) to acquire Ordinary Shares in the Company ('Partnership Shares'). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share up to a total value of £20. All shares to date awarded under this scheme have been purchased in the market monthly; it is the intention of the Directors to continue this policy in the year to September 2015.

Share schemes under which no awards were made in 2014**2004 Approved Share Option Plan ('ASOP')**

Awards under the ASOP have been historically granted to Directors and other employees. These awards have been subject to a condition that the year-on-year growth in annual fee income charged on portfolios shall not be less than 10%p.a. compound or a 33% increase in annual fee income over a three-year period. The performance criteria are set by the Remuneration Committee and selected to recognise that income growth is a key driver of shareholder value.

The options are exercisable from five to ten years from grant. These options were only granted once an employee has been with the Group for two years. Awards have not been made under the ASOP since 2011. The Board does not intend to issue any options or shares under this scheme in 2015.

2002 Senior Employee Matching Purchase Share Scheme ('SEMP')

Awards have not been made under this scheme since 2009. The SEMP was additional to the above scheme and allowed a further 5% issue of options over a ten-year period, provided that a similar number of shares were subscribed for by senior executives at the price the options are issued. The Board does not intend to issue any options or shares under this scheme in the future.

Dilution

By agreement with shareholders, the aggregate number of shares which may be issued at any date of grant, when aggregated with shares issued or issuable pursuant to options or awards granted in the preceding 10 years under any employee share plan operated by the Group other than the SEMP, shall not exceed 10% of the issued share capital.

The current cumulative dilution level over the ten-year period to 28 September 2014 is 4.04%. This includes 0.76% issued under the SEMP and 0.32% under the all-employee plans (discontinued SAYE scheme).

Directors' shareholding and share interests

To align the interests of the Executive Directors with shareholders, Executive Directors are required to build up shareholdings through the retention of shares vesting under the Group's share plans. The Executive Directors are required to build up a shareholding equivalent to 100% of total fixed pay over a period of five years, excluding awards that have not yet vested or have vested but not yet been exercised. Andrew Westenberger and David Nicol have not yet met this requirement following their appointment to the Board in 2013. The Chairman and Non-Executive Directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline. The interests of the Directors and their connected persons in the share capital of the Company are shown in the table below.

Figure 8: Share interests

Director	As at 28 September 2014								
	Beneficially Owned at 28 September 2014**	Percentage of shareholding target held	Outstanding Deferred Profit Share Plan awards	Outstanding Senior Employee Matching Share Scheme options	Outstanding Approved Share Option awards	Outstanding Long-term Incentive Plan Awards	Locked in matching shares under the Share Incentive Plan	Beneficially Owned at 30 November 2014	Beneficially Owned 30 September 2013*
Ian Dewar	3,296	n/a	—	—	—	—	—	3,296	—
Stephen Ford	142,611	100%	299,650	30,191	4,000	89,928	—	142,611	195,111
Angela Knight	2,583	n/a	—	—	—	—	—	2,583	2,583
Stephen Lamport	4,950	n/a	—	—	—	—	—	4,950	4,950
Simon Miller	60,000	n/a	—	—	—	—	—	60,000	50,000
David Nicol	73,000	57%	29,584	—	—	104,916	—	73,000	58,000
Caroline Taylor	2,500	n/a	—	—	—	—	—	2,500	—
Andrew Westenberger	—	0%	45,065	—	—	89,928	—	—	—
Michael Williams	969,989	100%	104,758	—	—	—	338	970,093	969,316
Paul Wilson	—	n/a	—	—	—	—	—	—	—
Jock Worsley	18,000	n/a	—	—	—	—	—	n/a	18,000

* or date of appointment if later ** or date of resignation if earlier

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Material contracts with Directors

There were no material contracts between the Group and the Directors. The Directors undertake transactions in stocks and shares in the ordinary course of the Group's business for their own account. The transactions are not material to the Group in the context of its operations. £nil was outstanding in respect of these transactions at 28 September 2014 and 29 September 2013.

Total pension entitlements

Executive Directors may opt to waive part of their aggregate fixed pay amount and receive an equivalent pension contribution instead. They may also receive part of their annual bonus in the form of pension contribution.

Defined Contribution Scheme

Executive Directors may join the Group Defined Contribution Scheme. Andrew Westenberger and David Nicol have not made contributions to the scheme and do not receive any benefit from the Company under the scheme. Michael Williams has elected to sacrifice salary into this scheme. Stephen Ford has elected to sacrifice a portion of his annual bonus into the scheme.

Defined Benefit Scheme

Entry to the Group Defined Benefit Scheme was withdrawn in 2004 for new staff members. Michael Williams transferred his benefits out of this scheme on 27 June 2014. Stephen Ford remains an active member of this scheme.

Details of the total pension entitlements at the year-end are as follows:

Figure 9: Defined Benefit Pension

	Pension rights at the end of the accounting period £'000	Normal retirement age £'000	Description of any additional early retirement benefits that the Director could receive in the event the Director retires early £'000	Pension related benefits from the scheme in the breakdown of the pension benefits from the 'single total figure of remuneration' table (£) £'000
Stephen Ford	3	0	29	30

CPI inflation for the year to September 2013 was 2.7%

Death-in-service benefits

Executive Directors are eligible for death-in-service benefit cover which is equal to six times their individual fixed remuneration.

Figure 10: Percentage change in the remuneration of the Chief Executive

	Actual 2013	Annualised 2013	2014	change*
Highest Paid Director (£)				
– salary	183,229	350,000	350,000	0%
– bonus	230,529	437,500	420,000	-4%
Average per employee (£)				
– salary	44,242	44,242	44,328	0%
– bonus	21,685	21,685	27,247	26%

* David Nicol is the Chief Executive and he was appointed on 21 March 2013. The % change shown above is based on the 2014 figures compared to annualised 2013 figures to allow a like-for-like comparison.

Figure 10 shows the movement in the salary and annual bonus for the Chief Executive between the current and previous financial year compared to that for the average UK employee. As the Chief Executive was appointed during 2013, the comparator figure has been annualised to permit a like-for-like comparison. Rather than having separate base salary, pension and benefit components, Executive Directors and other senior staff receive a total fixed pay sum which they can receive part as a defined pension contribution and/or benefits such as car benefit, private medical insurance or long-term illness/disability insurance. More junior staff receive a base salary and pension contributions additionally. As such, an analysis of the movement in benefits for the Chief Executive and the average employee was not considered to be practical or meaningful and has not been included in Figure 10.

Directors' Remuneration Report (continued)

Performance graph

The chart below shows the Company's Total Shareholder Return ('TSR') performance against the performance of the FTSE All Share Index – Financial Services from 29 September 2008 to 28 September 2014. The FTSE All Share – Financial Services index was chosen as a comparator because it is the index that encompasses most of our key competitors. TR is calculated assuming dividends are reinvested on receipt.

Figure 11: Total shareholder return performance

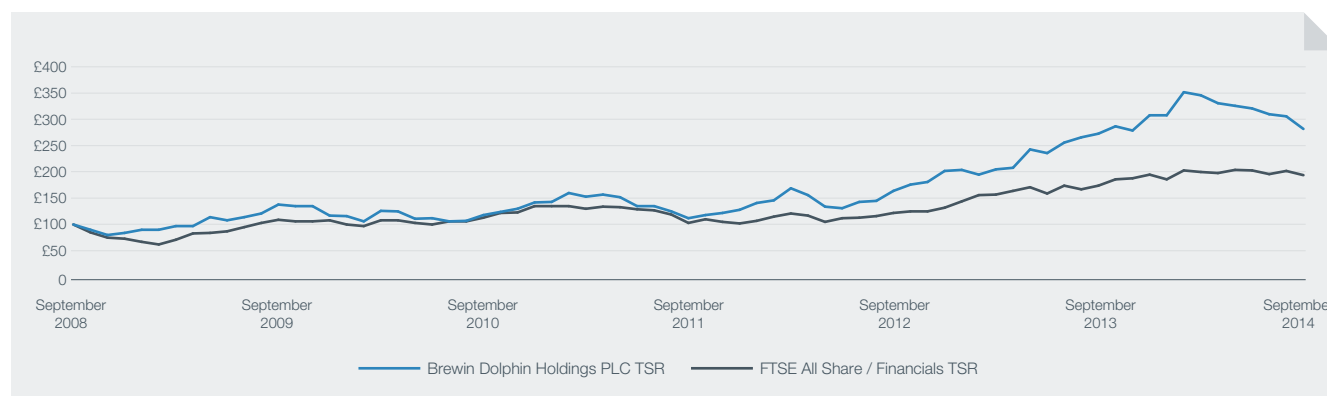


Figure 12 shows the total remuneration figure for the Director undertaking the role of Chief Executive during each of those financial years. The total remuneration figure includes the annual bonus which was awarded based on performance in those years. Where this bonus is subject to deferral, it is shown in the year in which it was awarded. The annual bonus is shown as a percentage of the maximum for 2012 to 2014 – there was no maximum amount for bonus in the preceding years. No long-term incentive awards were made to the highest paid Executive Director during the period.

Figure 12: Total remuneration for Chief Executive

	2014**	2013*	2012	2011	2010	2009
Total Remuneration (£'000)	770	788	557	593	643	589
Annual bonus (% max)	80%	63%	39%	n/a	n/a	n/a

* The 2013 bonus figure is annualised based on David Nicol's 2013 remuneration for qualifying services (appointed 21 March 2013) to allow for a like-for-like comparison. The actual 2013 figure was £577,000 reflecting the fact that the previous Chief Executive did not receive a bonus in his departing year (retired 21 March 2013).

** The maximum bonus was reduced from 200% of fixed salary to 150% of fixed salary as part of the changes to the policy for Executive Directors' remuneration approved by shareholders in 2014.

Relative importance of the spend on pay

Figure 13 shows the movement in spend on staff costs versus that in dividends.

Figure 13: Distribution statement

	2014 £'000	2013 £'000	Increase
Staff costs	138,332	137,326	1%
Dividends	26,320	22,612	16%

Remuneration Committee governance

The Remuneration Committee is governed by formal terms of reference agreed by the Board. The terms of reference were reviewed during the year to ensure they continued to accurately reflect the remit of the Committee. The terms of reference of the Remuneration Committee can be viewed on the Company's website. The members of the Committee are Paul Wilson (Chair), Ian Dewar, Simon Miller and Caroline Taylor. All of these are independent Non-Executive Directors with the exception of the Company Chairman who was independent on his appointment.

The members of the Committee during the last financial year and their attendance at the meetings of the Committee are shown in the Corporate Governance Report on page 39.

None of the Committee members has any personal financial interests (other than as shareholders), conflicts of interest arising from cross Directorships or day-to-day involvement in running the business. The Committee determines the individual remuneration packages of each Executive Director, members of the Executive Committee and any other employees designated as Code staff under the Remuneration Code. The Executive Directors and the Group Head of Regulation and Risk attend meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance, and independent legal advice may be sought by the Committee as required. The Company Secretary or her designate acts as Secretary to the Committee.

The Committee approves the remuneration policy on pay and conditions of employees throughout the Group.

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Committee activities

During the period the Committee met five times and undertook the following activities:

- Reviewed the wider reward strategy to assess how well it was supporting the firm's strategic objectives and identified actions to strengthen the reward strategy over the short, medium and longer term.
- Reviewed guidance issued by the FCA on financial incentives and variable remuneration and agreed actions to be taken to strengthen the firm's compliance with the Remuneration Code.
- Reviewed the Chairman's fee following an increase in his time commitment, taking into account external benchmarking data. The fee was increased from £125,000 to £160,000 with effect from 28 January 2014.
- Approval of the grant of options under the Deferred Profit Share Plan, Long-term Incentive Plan and the Equity Award Plan.
- Approval of the individual compensation packages of the Executive Directors, members of the Executive Committee and other staff it has agreed will be reviewed by the Committee on an individual basis.
- Approval of the Group's Pillar 3 Remuneration disclosures and the disclosures to be included in the Annual Report.
- Approval of revised terms of the reference for the Committee.

External advisers

The Remuneration Committee is advised by New Bridge Street ('NBS'), appointed by the Committee. NBS is a member of the Remuneration Consultants Group and abides by its Code of Conduct which requires its advice to be impartial and objective. The total fees paid to NBS in respect of its services to the Committee during the year were £58,924.

External Directorships

Figure 14 below sets out details of the external Directorships held by the Executive Directors and any fees that they received in respect of their services during the year.

Figure 14: External Directorships and remuneration

David Nicol

Name	Position	FY 2014	FY 2013*
Hermes Property Unit Trust	Member of appointment Committee	£27,500	£13,750

* For the period from David Nicol's appointment as Chief Executive on 21 March 2014.

How the policy will be applied in 2015 onwards

(i) Base salary review

The Executive Directors' salaries were last reviewed in September 2014. There will be no salary increases for 2015, in line with general pay conditions in the Group. The current salaries are shown in Figure 15:

Figure 15: Current salaries for the Executive Directors

	Salary as at 28 September 2014	Salary as at 29 September 2013	Change
David Nicol	£350,000	£350,000	—
Stephen Ford	£300,000	£300,000	—
Andrew Westenberger	£300,000	£300,000	—
Michael Williams	£154,500	£154,500	—

(ii) Fees for the Chairman and Non-Executive Directors

As detailed in the Remuneration Policy, the Group's approach to setting Non-Executive Directors' remuneration is with reference to market levels in comparably sized FTSE companies, levels of responsibility and time commitments. The Chairman's fee was reviewed following an increase in his time commitment, taking into account external benchmarking data. The fee was increased from £125,000 to £160,000 with effect from 28 January 2014.

The Non-Executive Directors' fees are reviewed periodically by the Board and were last reviewed in October 2014. Following a review of market benchmark data and the increasing time commitment and responsibility required from Non-Executive Directors, particularly in the financial services industry, the Board concluded that the Non-Executive Directors' fees should be increased. A summary of fees at the year-end and the increased fees with effect from 1 October 2014 are:

Figure 16: Current fees of the Chairman and Non-Executive Directors

	1 October 2014	28 September 2014	29 September 2013
Chairman	£160,000	£160,000	£125,000
Base fee	£50,000	£40,000	£40,000
Senior Independent Director	£10,000	£4,000	£4,000
Committee Chairman	£5,000 – £12,000	£4,000 – £6,000	£4,000 – £6,000

Directors' Remuneration Report (continued)**(iii) Performance targets for the 2014-15 annual bonus, and LTIP awards to be granted in 2015 financial year**

For financial year 2015, the annual bonus will be based on performance against a balanced scorecard comprising three Key Performance Areas: profit before tax (30% weighting); operating profit margin (30% weighting) and personal performance/non-financial targets (40%). Profit and margin will be adjusted to exclude the impact of exceptional items.

The LTIP awards granted in the 2015 financial year will be subject to two separate performance conditions, each accounting for one-half of the award. The performance conditions are as follows:

Figure 17: Performance targets for the LTIP awards to be granted in 2015 financial year

Performance Metric	Weighting (each measured independently)	Threshold (25% vesting)	Stretch (100% vesting)	Measurement period
Adjusted EPS Compound Annual Growth Rate ('CAGR')	50%	6%	16%	CAGR measured over the 3 financial years 2014/15, 2015/16, and 2016/17, using 2013/14 as the base year.
2017 full year adjusted operating profit margin	50%	25%	27%	Measured in 2016/17 financial year

The EPS and margin targets have been adjusted from the previous year to increase margin targets by 2% to reflect the additional year to achieve progress on efficiency improvements from the transformation initiatives, whilst EPS growth targets have reduced by 2% to reflect tougher market conditions and growth expectations.

There is also a general underpin: the Committee will assess the overall health of the business and whether prudent risk management has been applied and may scale back the vesting level if it considers this to be appropriate having taken account of this general underpin.

Statement of shareholder voting

At the 2014 AGM, the Directors' Remuneration Policy and the Annual Report on Remuneration received the following votes from shareholders:

Figure 18: Shareholder voting

	Remuneration Policy	%	Annual Report on Remuneration	%
Votes cast in favour	168,569,707	96%	170,053,147	97%
Votes cast against	6,143,183	4%	5,984,549	3%
Total votes cast	174,712,890		176,037,696	
Abstentions	1,914,199		589,393	

Approval

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

Signed on behalf of the Board of Directors

Paul Wilson

Chairman of the Remuneration Committee

2 December 2014

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“As a leading UK company, we take very seriously our responsibilities as a corporate citizen. We are proud of the contribution we have made to the UK and to the local communities in which we have operated over the past 250 years. Our primary goal today is to create shareholder value, but in a responsible way which serves all stakeholders and the wider society.”

David Nicol
Chief Executive

Corporate responsibility strategy

Our objective is to continue to manage the business responsibly and for the long-term benefit of all stakeholders: clients, shareholders, employees, regulators, suppliers and local communities.

During the year, Brewin Dolphin established a Corporate Responsibility Committee to leverage the existing work done by the Group and its employees to refine and enhance the Group's corporate responsibility strategy. This strategy was agreed by the Board and will be implemented over the course of 2015. It will result in greater emphasis and focus by the Group on corporate responsibility and efforts will be centred on the new flagship theme of 'Our Next Generation'.

Brewin Dolphin corporate responsibility

There are four pillars of the Brewin Dolphin corporate responsibility programme:



At a glance

More than

£100,000

raised and matched by Brewin Dolphin and its employees

More than

50

charities supported

47

charities supported by small grants scheme

75%

of offices were involved in charitable activities

1 People and Culture

People

Our people are our greatest assets. We recognise that to be able to meet the expectations which we set for ourselves we need to attract, nurture and retain the best people. This priority is reflected in our corporate objectives, that is, we aim to be the employer of choice within the wealth management sector. Brewin Dolphin is a meritocracy: we recognise hard work, behaviour aligned to our values and a commitment to the Group, its objectives and its clients.

Our culture

With a rich heritage, Brewin Dolphin has developed into a modern public company, whilst retaining the values of founding members. Our key values are integrity, teamwork and client focus and these have been developed over our long history. Our cultural values underpin everything that we do and these values have been a key factor in our success as a leading Discretionary Wealth Manager. They have allowed us to recruit and retain some of the most talented people in the industry, serve our clients in the best way and provide returns for our shareholders. As the Group continues to adapt to the changing conditions in which its business is conducted, and as we develop our strategic plans, our practices will inevitably evolve but our values will remain constant.

Diversity and inclusion

Brewin Dolphin is an inclusive employer and we view this as a critical component of our success. It allows us to be more creative, bring more value to our clients and to create a more enriching environment for our employees. The Board has a strong commitment to maintaining a working environment based on equality and diversity.

The Board has committed to a diversity target of 25% for the Board. Women currently represent 20% of the Board, increased from 12.5% at the end of 2013. Gender diversity forms an important part of the appointment process and the Board expects to be able to meet its 25% target by the end of the 2015 financial year.

All employment decisions are made irrespective of colour, race, age, nationality, ethnic or national origin, sex, mental or physical disabilities, marital status or sexual preference. For employees who may have a disability, the Group ensures where possible that procedures and equipment are in place to aid them. For the purposes of training, career development and promotion, all employees are treated equally. Applications for employment by disabled persons are always fully considered, with regard to the aptitude of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment within the Group continues, with suitable equipment supplied in order that they can continue in their role. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Learning and development

We support the advanced development of our emerging leaders and invest heavily in employees. Our development opportunities take place both in the classroom and in the workplace. Brewin Dolphin's training and development programmes centres around creating leaders able to provide the best possible service for our clients and this is done through managing and developing our talent.

Employee engagement

Delivering on our objectives requires employees to be engaged and play an active role in achieving the Group's objectives. To this end the Board seeks to ensure that all employees are aware of and are consulted upon desired behaviours and financial and economic factors affecting the performance of the company.

We seek to empower employees through regular communications which inform employees on the direction of the Group, its strategy and financial performance. We view this as a critical component of our employee engagement programme as it enables engagement in the Group's vision and strategy. We consult employees on matters that affect their interests and encourage the involvement of employees in the Group's performance through the profit share scheme.

Health and safety

We view our business as a community to which our employees belong. We work hard to ensure that the working environment is safe and conducive to healthy and happy employees who are able to balance work and family commitments. The Group has a Health and Safety at Work policy which is reviewed annually by the Board. The Group Board Executive Director responsible for health and safety is David Nicol.

The Group is committed to the health and safety of its employees, clients, sub-contractors and others who may be affected by our work activities. The Group evaluates the risks to health and safety in the business and manages this through an effective Health and Safety Management System.

The Group provides necessary information, instruction, training and supervision to ensure that employees are able to discharge their duties effectively. The Health and Safety Management System used by the Group ensures compliance with all applicable legal and regulatory requirements and internal standards and seeks, by continuous improvement, to develop health and safety performance.

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2 Clients and Governance

Business standards and clients

Our focus on our clients drives everything that we do. Many of our clients and their families have entrusted us to look after their wealth for generations which is testament to the high quality of personal service we continue to provide. Brewin Dolphin seeks to act with excellence, leading to rewarding and enduring partnerships with our clients. We take an integrated approach to protecting and growing wealth that combines our skills and experience in both Investment Management and Financial Planning. We work hard to retain the trust placed in us and to continue to deliver a high quality service. Our aim is to be the trusted advisor of choice and we work in partnership with our clients to deliver real results. We spend time getting to know our clients so that we can do the very best for them. We are constantly striving to be better, to work harder for our clients and provide a better offering.

Stewardship

Brewin Dolphin has always taken its stewardship responsibilities seriously. Following each AGM announcement and publication of companies' resolutions, we give our clients the first opportunity to vote the shares for which they are the underlying beneficiary using our on line facility, Vote Your Shares, which we introduced in 1998. In the closing days before each AGM, Brewin Dolphin votes the balance of each shareholding not voted by clients and over which we have discretion for the majority of the stocks held in our nominees. Brewin Dolphin publishes the aggregate voting record for these companies on our website after each AGM. During the year Brewin Dolphin established a Stewardship Committee to ensure that Discretionary clients' interests as holders of securities are protected and, where appropriate, to ensure proactive shareholder action is taken in the best interest of its discretionary clients.

Governance

The Corporate Governance Report on pages 35 to 42 explains how the Group applies the principles of the UK Corporate Governance Code.

3 Communities

Brewin Dolphin is committed to the communities in which it operates and encourages its employees to participate in local initiatives. Employees take great pride in the impact they make to their local communities and regularly demonstrate a passion for making a difference. The firm takes an active role in contributing to local communities and our efforts range from local sponsorships and volunteering, to offering work experience.

Brewin Dolphin Foundation

In recognition of Brewin Dolphin's 250th anniversary, the Brewin Dolphin Foundation was born. The aim of the Foundation is to increase the positive contribution we make to the world outside Brewin Dolphin.

Small Grants Scheme

Staff are offered the opportunity to apply to the Foundation for grants for small charities that support the local community. Since the establishment of the Foundation, we have seen good levels of applications to the grant making scheme and look forward to increasing our grant making levels in the coming year.

Payroll giving

Brewin Dolphin supports payroll giving. Over the course of 2014, we were awarded the Payroll Giving Silver award in recognition of the Group's increased commitment to payroll giving.

Volunteering and education

Many of our employees volunteer to organisations of their choice across the country. In the past year we have supported local school children in conjunction with Enabling Enterprises and Career Academies UK and we are proud to help provide bursaries for underprivileged children at the Reed's School in Surrey.

Local sponsorships and community support

We are actively involved in our local communities and are proud to support many very worthwhile local causes spanning the arts and sports. These include local events such as the Scottish Schools Rugby Tournament, Marlborough Jazz and Literature Festivals, Ilkely Literature Festival, Taunton Flower Show, Shrewsbury Flower Show, Moy Highland Field Sports Fair, the Chalke Valley History Festival and the Borders Book Festival. We have been a long-term supporter of Durham County Cricket team and the Arundel and Cheltenham Cricket Festivals.

4 Environmental Sustainability

This is the Group's first year of reporting as a quoted company under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Global Green House Gas ('GHG') emissions data for period 1 October 2013 to 28 September 2014

	Tonnes of CO ₂ e
	Current reporting year
Emissions from:	2013–2014
Combustion of fuel and operation of facilities	39
Electricity purchased for own use	2,322
Company's chosen intensity measurement: Emissions per full time employee for Scope 1 and Scope 2	1.39

Methodology and additional information

The table above reports the Group's annual GHG emissions from sources which fall within the consolidated Financial Statements. Included are most of the emission sources that the Group have responsibility for but some emission sources have been omitted based on materiality and a lack of data. Details of the emissions which have been omitted are given in the 'Emission sources not reported' section below.

The Group have gathered energy use data (natural gas and electricity) and applied emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2013.

Emission sources not reported

This section of the report details the emission sources that the Group have not reported on and provides the reasons behind the decisions.

Buildings' air conditioning refrigerants use

We have not been able to separate the Group's space cooling requirements from the general electrical consumption figures as it has not been possible to determine how much cooling energy can be allocated specifically to the Group and how much is already embedded in the overall electricity consumption values for buildings in which the Group mostly occupies under shared occupancy. We have had services carried out on all of the air conditioning units in our communications rooms which are under our direct control and there was no refrigerant gas loss during the year.

Leased company vehicles for the period on a materiality basis

For the current period, the Group had 21 leased cars and compared to the number of buildings the Group operates, the contribution of leased assets is expected to be immaterial; however, a system for capturing this data has been implemented and will be included in subsequent annual reports.

Heat and steam

The minority of the buildings that the Group operate directly make use of gas which has been included in our emissions from combustion of fuel. There is no distinct data on heat/steam for our other buildings as this is embedded in the office service charges that the Group pays. As a result, there is no report on purchased heat or steam. In future, a methodology will be created to estimate the emissions associated with heating requirements for which the Group are responsible.

Data quality

The Group's consumption data comes from two main sources:

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

The Group have used estimated data in some cases due to the lack of complete data for electricity consumption. The section below details the approach the Group have taken to complete these data gaps.

- Where buildings had incomplete electricity consumption figures for certain months over the current reporting period, a conservative approach for estimating this data was chosen. The methodology used was to apply a daily consumption figure calculated by using the month in the dataset with the highest electricity consumption to the months that had missing data.
- In instances where no electricity data was held, the methodology was calculated using the buildings with exact and complete data to calculate average electricity consumption per square metre for each month in the current reporting period. The monthly average consumption per square metre was used to estimate the monthly electricity consumption of buildings with no electricity data, based on individual floor areas.

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Index to principal Directors' Report and Listing Rule disclosures

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

Information	Section in Annual Report	Page numbers
Business review	Strategic Report	14–26
Principal risks and uncertainties	Strategic Report	27–32
Disclosure of information to auditor	Directors' Report	70
Directors in office during the year	Corporate Governance Report	39
Dividend recommended for the year	Strategic Report	16
Corporate responsibility governance	Corporate Responsibility Report	65–68
Greenhouse gas emissions	Corporate Responsibility Report	68
Financial instruments – risk management objectives and policies	Notes to the Financial Statements	107–112
Post-balance sheet events	Notes to the Financial Statements	103
Future developments of the Company	Strategic Report	33
Employment policies and employee involvement	Corporate Responsibility Report	66
Structure of share capital, including restrictions on the transfer of securities, voting rights and significant shareholders	Directors' Report	69
Rules governing the appointments of Directors	Corporate Governance Report	41
Powers of Directors	Corporate Governance Report	38
Rules governing changes to the Articles of Association	Directors' Report	69
Shareholder waiver of dividends	Directors' Report	69

The above information is incorporated by reference into this Directors' Report.

Cautionary statement

The review of the business and its future development in the Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of these reports and should be treated with caution due to inherent uncertainties associated with such statements. The Directors, in preparing the Strategic Report, have complied with s417 of the Companies Act 2006.

Share capital

Details of the Company's authorised and issued share capital, together with details of the movements therein are set out in note 26 to the Financial Statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares. The Company has one class of Ordinary Shares which carry no right to fixed income.

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

Employee share plans

Details of employee share schemes are set out in note 29. Shares held by Computershare (Trustees) Limited abstain from voting. Under the rules of the Group's Share Incentive Plan ('BDSIP'), shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustee'). Voting rights are exercised by the Trustees on receipt of the participant's instructions; if no such instruction is received by the Trustees then no vote is registered. No person has any special rights of control over the Company's share capital and all issued shares are either fully or nil paid.

The Company has over the last three-year period, issued a total of 1.6% of its issued share capital of Ordinary Shares in relation to the acquisition of businesses and client relationships.

Articles of Association

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

Directors' Report (continued)

Substantial shareholdings

As at 28 September 2014, the Company had received notifications in accordance with the FCA's Disclosures and Transparency Rule 5.1.2 of the following interests of 3% or more in the voting rights of the Company.

Shareholder	Date of notification	Number of voting rights	% of voting rights
Royal London Asset Management	26/08/2014	16,504,683	6.00
BlackRock, Inc.	22/07/2014	below 5%	below 5%
Aviva plc & its subsidiaries	12/05/2014	8,400,005	3.06
Kames Capital	15/04/2014	24,624,619	8.96
Norges Bank	15/01/2014	8,148,073	2.97
Norges Bank	04/06/2013	10,244,649	3.76
Kames Capital	30/04/2013	23,977,303	8.79
FIL Investment International	06/12/2012	12,477,394	4.57
Aberforth Partners	04/04/2012	11,494,100	4.21
Legal & General	28/11/2008	8,563,901	3.14

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 11.30 am on 20 February 2015 at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED. The Notice of Meeting will be posted to shareholders in January 2015.

Purchase of own shares

At the AGM on 17 February 2014, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum number of 27,410,221 Ordinary Shares. This resolution remains valid until the conclusion of the next AGM in 2015. As at 2 December 2014 the Directors had not used this authority.

Employees

The average number of persons, including Directors, employed by the Group and their remuneration, is set out in note 7 to the Financial Statements. Other information about the Group's employee engagement, diversity and inclusion policies are set out on page 66.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved for and on behalf of the Board of Brewin Dolphin Holdings PLC
Company Number: 2685806

Louise Meads

Company Secretary

2 December 2014

Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and Article 4 of the IAS Regulation and have also chosen to prepare the parent company Financial Statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
2. the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 2 December 2014 and is signed on its behalf by:

David Nicol
Chief Executive

Andrew Westenberger
Finance Director

Independent Auditor's Report to the Members of Brewin Dolphin Holdings PLC

Opinion on Financial Statements of Brewin Dolphin Holdings PLC

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 28 September 2014 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Financial Statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

Going concern

As required by the Listing Rules we have reviewed the Directors' statement on page 21 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

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

Our assessment of risks of material misstatement

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

Risk	How the scope of our audit responded to the risk
Impairment review of intangible assets – client relationships and goodwill	
<ul style="list-style-type: none"> • The Group has made a number of acquisitions in previous periods, resulting in the recognition of £87.0 million of capitalised client relationships and goodwill. • The impairment of these intangible assets represents a key area of judgement because the Group assess whether the ongoing benefits offered by the capitalised client relationship intangibles and goodwill are greater than the carrying value or whether there is an indication of impairment. This assessment is driven by estimates of future income flows from Funds under Management. 	<ul style="list-style-type: none"> • In assessing the intangible assets, we have reviewed the calculations prepared by management to assess whether they meet the requirements of IAS 36 'Impairment of Assets' and that the assumptions and judgements made are appropriate. • In doing this we have challenged the percentages management have applied to market values of Funds under Management to determine fair value, and validated these against percentages derived from recent public acquisitions of fund management businesses. • We have also performed procedures to test the controls over the production of Funds under Management data used as the basis for the estimates of future revenue flow. • The sensitivity of the valuation of Funds under Management is included in note 15, for which we have performed recalculation.

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Risk	How the scope of our audit responded to the risk
Software impairment and related contractual obligations	
<ul style="list-style-type: none"> The Group's opening position of capitalised software amounted to £34.2 million. As explained in note 15, during the period management have determined that a significant impairment was required. The Group estimates the quantum of the impairment and the remaining value in use of the software taking into account any remediation costs. The Group has estimated a license provision for future licence payments in respect of this software. 	<ul style="list-style-type: none"> In considering the adequacy of the impairment assessment performed by the Group we have challenged the impairment review process and the assumptions and inputs to it to assess whether it is undertaken in accordance with the requirements of IAS36. This included the use of a fair value specialist in determining the weighted cost of capital for an investment management business. Our work in respect of this provision included obtaining confirmation from the Group's legal advisor and examining the contractual arrangements for the licence payments.
Assumptions underlying the calculation of the pension scheme deficit	
<ul style="list-style-type: none"> The Group has recognised a defined benefit pension deficit of £7.7 million. The valuation of the deficit, being the net of the assets and liabilities, is significant as this balance impacts the company's distributable reserves and is estimated based on management judgement. Uncertainty arises as a result of estimates made in respect of long-term trends and market conditions to determine the value based on the Group's expectations of the future. As a result, the final deficit realised by the Group may be significantly different to that recognised on the balance sheet since small changes to the assumptions used materially affect the valuation. 	<ul style="list-style-type: none"> In order to evaluate the appropriateness of the assumptions used by management we have used our own actuarial experts to make direct enquiries of the Group's actuary and review the key actuarial assumptions adopted for the IAS 19 ('Employee Benefits') calculations for compliance with the requirements of the accounting standard, in particular, considering the discount rate, inflation rate and mortality assumptions against other available information and similar demographics. We have also assessed the recoverability of the related deferred tax asset. We have circularised the custodian of the pension scheme assets and independently recalculated the value of the scheme's portfolio of assets.
Estimations used in the calculation of shares to be issued	
<ul style="list-style-type: none"> Shares to be issued represent the Group's best estimate of the amount of Ordinary Shares in Brewin Dolphin Holdings PLC that are likely to be issued under deferred or contingent payment mechanisms in respect of acquisitions of businesses or client relationships. Estimates of amounts of shares to be issued and deferred purchase consideration are inevitably judgemental, due to the estimates of future income related to the purchased asset. 	<ul style="list-style-type: none"> We have reviewed the calculations supporting the estimates of amounts of shares to be issued to assess whether underlying assumptions and judgements made are appropriate. We have challenged management on the key assumptions incorporated in shares to be issued workings, including estimates of future earnings from acquisitions, discount rates used and adjustments to prior years' acquisitions, through comparison to publicly available information and historic revenues analysis.
Estimations for provisions for sundry claims and associated costs and onerous lease contracts	
<ul style="list-style-type: none"> Due to the nature of the Group's business, it maintains a provision for sundry claims arising from customer complaints, other legal matters and onerous lease provisions. The amounts recognised as provisions should be the Group's best estimates of the expenditure required to settle these obligations and therefore is subject to management judgement. Recoveries from insurers related to such obligations should be recognised when it is virtually certain that the reimbursement will be received and should be treated as separate assets. In regards to the onerous lease provision, assessments are made of the obligations in respect of vacant space, taking account in certain cases, of any potential income from subletting such space. Due to the number of leases held, the quantum of the lease charge, and the manual nature of the calculations there is a risk that errors could occur. 	<ul style="list-style-type: none"> We have discussed outstanding legal cases and claims received with management, reviewed the associated legal correspondence and assessed whether the levels of provisions and associated insurance debtors are appropriate and that the debtor balances are likely to be recoverable. We also received confirmations from the Group's legal representatives and insurance broker. We discussed with management the estimation methodology used and key assumptions to determine the onerous lease provisions and independently confirmed these amounts to source documentation to assess whether they are appropriately calculated.

Last year the valuation of Euroclear was identified as a significant risk. Due to the greater availability of information concerning the Available For Sale Investment, we no longer consider this to be a significant risk.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 48.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £2.8 million (2013: £2.86 million), which is 7% (2013: 10%) of adjusted pre-tax profit. Pre-tax profit has been adjusted by taking into account the exceptional impairment charge, of £31.7 million which is a significant and non-recurring expense.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £54,000 (2013: £57,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level.

The majority of the operations of the Group are based in the United Kingdom and are audited by Deloitte LLP. The only exception to this is Tilman Brewin Dolphin Limited, an Irish Company, which represents less than 5% of adjusted pre-tax profit and which is audited by a Deloitte affiliate. We have supervised their work on the figures included in the Group's Financial Statements for this entity through the issuance of instructions, receipt of summaries of work performed and ongoing dialogue and visit throughout the audit process.

The Group audit team continued to follow a programme of planned visits to branches, which primarily operate as local sales offices, that has been designed so that a senior member of the Group audit team visits the locations on a rotational basis. In total our work included visits to five branches.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

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

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Our duty to read other information in the Annual Report

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

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the Financial Statements

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

Oliver Grundy FCA (Senior statutory auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor London, United Kingdom

2 December 2014

Consolidated Income Statement

52 week period ended 28 September 2014

	Note	52 weeks to 28 September 2014 £'000	(Restated) 52 weeks to 29 September 2013 £'000
Revenue	5	284,374	271,954
Other operating income	5	6,108	11,724
Total income		290,482	283,678
Staff costs	7	(149,476)	(148,974)
Redundancy costs	7	(2,269)	(4,795)
Additional FSCS levy		–	(1,107)
Onerous contracts provision	32	(2,005)	(6,232)
Amortisation of intangible assets – client relationships	14	(13,592)	(12,520)
Impairment of intangible assets – software	15	(31,693)	–
License provision	32	(2,034)	–
Other operating costs		(81,770)	(83,418)
Operating expenses		(282,839)	(257,046)
Operating profit		7,643	26,632
Finance income	9	1,549	1,452
Other gains and losses	10	–	872
Finance costs	9	(546)	(556)
Profit before tax	8	8,646	28,400
Tax	11	(1,820)	(7,257)
Profit for the period		6,826	21,143
Attributable to:			
Equity shareholders of the parent		6,826	21,143
		6,826	21,143
Earnings per share			
Basic	13	2.5p	8.4p
Diluted	13	2.4p	8.0p

Consolidated Statement of Comprehensive Income

52 week period ended 28 September 2014

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	Note	52 weeks to 28 September 2014 £'000	(Restated) 52 weeks to 29 September 2013 £'000
Profit for the period		6,826	21,143
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit pension scheme	25	(1,223)	(2,046)
Deferred tax credit on actuarial loss on defined benefit pension scheme	11	245	403
		(978)	(1,643)
Items that may be reclassified subsequently to profit and loss:			
Gain on revaluation of available-for-sale investments	18	–	4,000
Deferred tax charge on revaluation of available-for-sale investments		–	(633)
Exchange differences on translation of foreign operations		(302)	147
		(302)	3,514
Other comprehensive (expense)/income for the period		(1,280)	1,871
Total comprehensive income for the period		5,546	23,014
Attributable to:			
Equity shareholders of the parent		5,546	23,014
		5,546	23,014

Consolidated Balance Sheet

As at 28 September 2014

	Note	As at 28 September 2014 £'000	As at 29 September 2013 £'000
ASSETS			
Non-current assets			
Intangible assets	14	94,311	127,448
Property, plant and equipment	16	11,076	14,320
Available-for-sale investments	18	10,000	10,000
Other receivables	19	1,092	1,353
Deferred tax asset	11	8,959	672
Total non-current assets		125,438	153,793
Current assets			
Trading investments	18	912	872
Trade and other receivables	19	297,322	258,848
Cash and cash equivalents	20	158,070	136,987
Total current assets		456,304	396,707
Total assets		581,742	550,500
LIABILITIES			
Current liabilities			
Bank overdrafts	21	1,270	3,153
Trade and other payables	22	327,225	289,884
Current tax liabilities		3,872	2,880
Provisions	32	4,973	4,405
Shares to be issued including premium	23	10,068	3,075
Total current liabilities		347,408	303,397
Net current assets		108,896	93,310
Non-current liabilities			
Retirement benefit obligation	25	7,735	9,177
Deferred purchase consideration	23	1,271	1,185
Provisions	32	4,142	3,260
Shares to be issued including premium	23	9,212	11,836
Total non-current liabilities		22,360	25,458
Total liabilities		369,768	328,855
Net assets		211,974	221,645
EQUITY			
Called up share capital	26	2,745	2,712
Share premium account	26	139,420	133,341
Own shares	28	(16,045)	(12,734)
Revaluation reserve		7,652	7,652
Merger reserve	27	61,380	61,380
Profit and loss account		16,822	29,294
Equity attributable to equity holders of the parent		211,974	221,645

Approved by the Board of Directors and authorised for issue on 2 December 2014

Signed on its behalf by

D Nicol
Chief Executive

A Westenberger
Finance Director

Consolidated Statement of Changes in Equity

52 week period ended 28 September 2014

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	Attributable to the equity shareholders of the parent						
	Called up share capital £'000	Share premium account £'000	Own shares £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
Balance at 30 September 2012	2,469	124,271	(12,569)	4,285	22,950	21,331	162,737
Profit for the period	–	–	–	–	–	21,143	21,143
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	–	–	–	(633)	–	403	(230)
Actuarial loss on defined benefit pension scheme	–	–	–	–	–	(2,046)	(2,046)
Revaluation of available-for-sale investments	–	–	–	4,000	–	–	4,000
Exchange differences on translation of foreign operations	–	–	–	–	–	147	147
Total comprehensive income for the period	–	–	–	3,367	–	19,647	23,014
Dividends	–	–	–	–	–	(18,077)	(18,077)
Issue of shares	243	9,070	–	–	38,430	–	47,743
Own shares acquired in the period	–	–	(165)	–	–	–	(165)
Share-based payments	–	–	–	–	–	6,135	6,135
Tax on share-based payments	–	–	–	–	–	258	258
Balance at 29 September 2013 (restated)	2,712	133,341	(12,734)	7,652	61,380	29,294	221,645
Profit for the period	–	–	–	–	–	6,826	6,826
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	–	–	–	–	–	245	245
Actuarial loss on defined benefit pension scheme	–	–	–	–	–	(1,223)	(1,223)
Exchange differences on translation of foreign operations	–	–	–	–	–	(302)	(302)
Total comprehensive income for the period	–	–	–	–	–	5,546	5,546
Dividends	–	–	–	–	–	(23,126)	(23,126)
Issue of shares	33	6,079	–	–	–	–	6,112
Own shares acquired in the period	–	–	(7,963)	–	–	–	(7,963)
Own shares disposed of on exercise of options	–	–	4,652	–	–	(4,652)	–
Share-based payments	–	–	–	–	–	8,498	8,498
Tax on share-based payments	–	–	–	–	–	1,262	1,262
Balance at 28 September 2014	2,745	139,420	(16,045)	7,652	61,380	16,822	211,974

Company Balance Sheet

As at 28 September 2014

	Note	As at 28 September 2014 £'000	As at 29 September 2013 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	17	201,359	191,699
Other receivables	19	250	319
Total non-current assets		201,609	192,018
Current assets			
Trade and other receivables	19	38,919	44,567
Cash and cash equivalents	20	624	136
Total current assets		39,543	44,703
Total assets		241,152	236,721
LIABILITIES			
Current liabilities			
Trade and other payables	22	12,428	10,671
Shares to be issued including premium	23	10,068	3,075
Total current liabilities		22,496	13,746
Net current assets		17,047	30,957
Non-current liabilities			
Shares to be issued including premium	23	9,212	11,836
Total non-current liabilities		9,212	11,836
Total liabilities		31,708	25,582
Net assets		209,444	211,139
EQUITY			
Called up share capital	26	2,745	2,712
Share premium account	26	139,420	133,341
Own shares	28	(16,045)	(12,734)
Merger reserve	27	61,665	61,665
Profit and loss account		21,659	26,155
Equity attributable to equity holders		209,444	211,139

Approved by the Board of Directors and authorised for issue on 2 December 2014

Signed on its behalf by

D Nicol
Chief Executive

A Westerberger
Finance Director

Company Statement of Changes in Equity

52 week period ended 28 September 2014

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	Attributable to the equity shareholders of the company					
	Called up share capital £'000	Share premium account £'000	Own shares £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
Balance at 30 September 2012	2,469	124,271	(12,569)	23,235	18,376	155,782
Profit for the period	–	–	–	–	19,721	19,721
Total comprehensive income for the period	–	–	–	–	19,721	19,721
Dividends	–	–	–	–	(18,077)	(18,077)
Issue of shares	243	9,070	–	38,430	–	47,743
Own shares acquired in the period	–	–	(165)	–	–	(165)
Share-based payments	–	–	–	–	6,135	6,135
Balance at 29 September 2013	2,712	133,341	(12,734)	61,665	26,155	211,139
Profit for the period	–	–	–	–	14,784	14,784
Total comprehensive income for the period	–	–	–	–	14,784	14,784
Dividends	–	–	–	–	(23,126)	(23,126)
Issue of shares	33	6,079	–	–	–	6,112
Own shares acquired in the period	–	–	(7,963)	–	–	(7,963)
Own shares disposed of on exercise of options	–	–	4,652	–	(4,652)	–
Share-based payments	–	–	–	–	8,498	8,498
Balance at 28 September 2014	2,745	139,420	(16,045)	61,665	21,659	209,444

Consolidated Cash Flow Statement

52 week period ended 28 September 2014

	Note	52 weeks to 28 September 2014 £'000	52 weeks to 29 September 2013 £'000
Net cash inflow from operating activities	33	61,354	60,516
Cash flows from investing activities			
Purchase of intangible assets – client relationships		(150)	(3,431)
Purchase of intangible assets – software		(7,450)	(15,121)
Purchases of property, plant and equipment		(2,751)	(4,502)
Proceeds on disposal of available-for-sale investments		–	885
Dividend received from available-for-sale investments		307	286
Net cash used in investing activities		(10,044)	(21,883)
Cash flows from financing activities			
Dividends paid to equity shareholders	12	(23,126)	(18,077)
Purchase of own shares	28	(7,963)	(165)
Proceeds on issue of shares		3,048	41,875
Net cash used in financing activities		(28,041)	23,633
Net increase in cash and cash equivalents		23,269	62,266
Cash and cash equivalents at the start of period		133,834	71,584
Effect of foreign exchange rates		(303)	(16)
Cash and cash equivalents at the end of period		156,800	133,834
Firm's cash	20	136,383	116,686
Firm's overdraft	21	(1,270)	(3,153)
Firm's net cash		135,113	113,533
Client settlement cash	20	21,687	20,301
Net cash and cash equivalents		156,800	133,834
Cash and cash equivalents shown in current assets		158,070	136,987
Bank overdrafts	21	(1,270)	(3,153)
Net cash and cash equivalents		156,800	133,834

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

Company Cash Flow Statement

52 week period ended 28 September 2014

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	Note	52 weeks to 28 September 2014 £'000	52 weeks to 29 September 2013 £'000
Net cash inflow/(outflow) from operating activities	33	20,566	(24,491)
Cash flows from financing activities			
Dividends paid to equity shareholders	12	(23,126)	(18,077)
Proceeds on issue of shares		3,048	41,875
Net cash used in financing activities		(20,078)	23,798
Net increase/(decrease) in cash and cash equivalents		488	(693)
Cash and cash equivalents at the start of period		136	829
Cash and cash equivalents at the end of period	20	624	136

Notes to the Financial Statements

1. General information

The consolidated Financial Statements of Brewin Dolphin Holdings PLC (the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended 28 September 2014 were authorised for issue by the Directors on 2 December 2014.

The Company was incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The Company is registered in England and Wales. The address of the registered office is 12 Smithfield Street, London EC1A 9BD.

The separate Financial Statements of the Company are also reported.

The accounting policies have been disclosed below. The policies for the Group and the Company are consistent unless otherwise stated.

Restatement

During the period, the Group and the Company adopted IAS 19 – Employee Benefits (revised 2011). Specific transitional provisions are applicable to first-time application of IAS 19 (revised 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis, see note 2(a) below.

2. Application of new and revised International Financial Reporting Standards ('IFRSs')

a. New standards, amendments and interpretations adopted

In the current year, the following new and revised Standards and Interpretations have been adopted. The effect of the adoption of these changes on the consolidated Financial Statements has been described below.

IAS 19 – Employee Benefits (revised 2011)

IAS 19 (revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting change in the defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an immaterial impact on the amounts recognised in the profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures (please see note 25 for the 2014 disclosures).

Specific transitional provisions are applicable to first-time application of IAS 19 (revised 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the table below for details). However, the Group has not presented a balance sheet for the beginning of the earliest comparative period as there is no impact to the balance sheet as at 1 October 2012. The adjustments are shown in the following table.

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	As reported 52 weeks to 29 September 2013 £'000	Adjustment IAS 19 (Revised) £'000	Restated 52 weeks to 29 September 2013 £'000
Consolidated Income Statement			
Finance costs	(385)	(171)	(556)
Profit before tax	28,571	(171)	28,400
Tax	(7,297)	40	(7,257)
Profit for the period	21,274	(131)	21,143
Earnings per share			
Basic	8.5p	(0.1p)	8.4p
Diluted	8.0p	(0.0p)	8.0p
Adjusted¹ earnings per share			
Basic	15.8p	(0.1p)	15.7p
Diluted	14.9p	(0.1p)	14.8p

Consolidated Statement of Comprehensive Income

Profit for the period	21,274	(131)	21,143
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit pension scheme	(2,217)	171	(2,046)
Deferred tax credit on actuarial loss on defined benefit pension scheme	443	(40)	403
Total other comprehensive expense that will not be reclassified to income statement	(1,774)	131	(1,643)
Other comprehensive income for the period	1,740	131	1,871

¹ These figures have been adjusted to exclude redundancy costs, additional FSCS levy, onerous lease contracts provision and amortisation of client relationships.

IFRS 7 – Amendments to Disclosures – Offsetting Financial Assets and Financial Liabilities

The application of IFRS 7 had no material effect on the accounts of the Company or Group for the periods presented.

IFRS 10 – Consolidated Financial Statements/IAS 27 – Amendments to Separate Financial Statements

The application of IFRS 10 and the amendments to IAS 27 had no material effect on the accounts of the Company or Group for the periods presented.

IFRS 11 – Joint Arrangements/IAS 28 – Amendments to Investments in Associates and Joint Ventures

The application of IFRS 11 and the amendments to IAS 28 had no material effect on the accounts of the Company or Group for the periods presented.

IFRS 12 – Disclosure of Interests in Other Entities

The application of IFRS 12 had no material effect on the accounts of the Company or Group for the periods presented.

IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurement. The scope for IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. In addition, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from period beginning on or after 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2013 comparative period (please see note 24 for the 2014 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated Financial Statements.

Notes to the Financial Statements (continued)**2. Application of new and revised International Financial Reporting Standards ('IFRSs') (continued)****b. New standards, amendments and interpretations issued but not effective**

		Effective for period beginning on or after
IFRS 7 and IFRS 9 ¹	Amendments to Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 9 ¹	Financial Instruments	1 January 2015
IFRS 10, IFRS 12 and IAS 27	Amendments to Investment Entities	1 January 2014
IFRS 11 ¹	Amendments to Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14 ¹	Regulatory Deferral Accounts	1 January 2016
IFRS 15 ¹	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38 ¹	Amendments to Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 19 ¹	Amendments to Defined Benefit Plans: Employee Contributions	1 July 2014
IAS 32	Amendments to Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendments to Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Amendments to Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	1 January 2014
Annual Improvements to IFRSs ¹	2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs ¹	2011–2013 Cycle	1 July 2014

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

The Directors are currently reviewing the impact of these new standards, amendments and interpretations but do not intend to adopt the standards early.

3. Significant accounting policies**a. Statement of compliance**

The consolidated Financial Statements for both the Group and the Company have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted by the European Union, Article 4 of the EU IAS Regulation and the Companies Act 2006.

b. Basis of preparation

The consolidated Financial Statements are presented in pounds sterling, the functional currency of the Company, rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

c. Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company and its subsidiaries.

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

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

In accordance with Section 408 of the Companies Act 2006 Brewin Dolphin Holdings PLC has taken advantage of the legal dispensation not to present its own statement of comprehensive income or income statement. The amount of the profit for the financial period dealt with in the Financial Statements of the Company is disclosed in the Company Statement of Changes in Equity.

d. Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further detail is contained in the Strategic Report.

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e. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the income statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

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

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

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

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

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

f. Transaction date accounting

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

g. Foreign currencies

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

h. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents gross commission, investment management fees, renewal commissions and other income, excluding VAT, receivable in respect of the period.

Investment management fees and renewal commissions are recognised in the period in which the related service is provided and gross commissions are recognised when the transaction is performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Dividends received and receivable are credited to the income statement to the extent that they represent a realised profit and loss for the Company.

3. Significant accounting policies (continued)

i. Other operating income

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

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank overdrafts. Included within cash and cash equivalents are amounts held on client settlement accounts.

k. Leases

Rentals on operating leases are charged to the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a liability. The aggregate benefit of incentives is spread on a straight-line basis over the lease term.

l. Share-based payments

Equity-settled share-based payments to employees are measured at fair value of the equity instruments at the date of grant. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

m. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

n. Investments in subsidiaries

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

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o. Intangible assets

i) Goodwill

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the identifiable assets and liabilities at the date of acquisition.

Goodwill is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not reversed in a subsequent period (see note 3(v) for the Impairment accounting policy).

When the consideration transferred by the Group is deferred or contingent, this is valued at its acquisition date fair value, and is included in the consideration transferred in a business combination. Changes in the deferred or contingent consideration, which occur in the measurement period, are adjusted retrospectively, with corresponding adjustments to goodwill. Subsequently to the measurement period the deferred and contingent considerations are revised annually at the balance sheet and any corresponding adjustments are posted to the income statement. Such deferred or contingent consideration may be settled in shares (see note 3(t) for the Shares to be issued accounting policy).

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

ii) Client relationships

Intangible assets classified as 'client relationships' are recognised when acquired as part of a business combination or when separate payments are made to acquire Funds under Management by adding teams of Investment Managers. Client relationships acquired separately are initially recognised at cost. If acquired as part of a business combination the initial cost of client relationships is the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

When separate payments are made to acquire Funds under Management by adding teams of Investment Managers, elements of the total consideration may be deferred or contingent. In such cases the cost of the recognised client relationships includes the Company's best estimate of the future consideration likely to be made, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and is revised at each balance sheet date. Such deferred or contingent consideration may be settled in shares (see note 3(t) for the shares to be issued accounting policy).

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

iii) Computer software

Computer software which is not an integral part of the related hardware is classified as an intangible asset. Costs of acquiring computer software are treated as an intangible asset and amortised over four to ten years, dependent upon the assessment of the expected useful life of the software, on a straight line basis from the date the software comes into use.

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

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

p. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment. Depreciation has been provided on the basis of equal annual instalments to write off the cost less estimated residual values of tangible fixed assets over their estimated useful lives as follows:

Computer equipment	3 to 4 years
Office equipment	4 to 10 years
Leasehold improvements	to the earlier of the first break clause of the lease or 10 years
Motor vehicles	5 years

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

q. Fair value measurement

The Group measures financial instruments and non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

3. Significant accounting policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

r. Financial instruments

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

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

i) Financial assets

Financial assets are classified into the following specified categories:

- financial assets at fair value through profit or loss ('FVTPL');
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

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

Financial assets classified as FVTPL are stated at fair value, with any resultant gain or loss on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividends or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Their value is determined in the manner described in note 3(q).

Available-for-sale financial assets ('AFS')

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 3(q). Gains and losses are recognised directly in other comprehensive income and accumulated in the revaluation reserve with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is reclassified to profit or loss.

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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ii) Financial liabilities and equity

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

Equity instruments

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

Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 3(q).

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

s. Netting of balances

Amounts due to and from counterparties due to settle on balance are shown net where there is a currently enforceable legal right to set off the recognised amounts and an operational intention to settle net. Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

t. Shares to be issued including premium

Shares to be issued represent the Company's best estimate of the amount of Ordinary Shares in the Company, which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. The sum is discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and is revised annually in the light of actual results. The resulting interest charge from the unwind of the discount is included within finance costs. Where shares are due to be issued within a year then the sum is included in current liabilities. Where the team of Investment Managers, bringing with them Funds under Management, have not yet joined and the client relationships assets have not been brought into use, the resultant liability is shown as an amount contracted for but not provided in the accounts.

u. Retirement benefit costs

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

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

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

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

v. Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Goodwill is tested for impairment at least annually and whenever there is an indication that it may be impaired. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Significant accounting policies (continued)

For the purposes of impairment testing, client relationships and goodwill are allocated to each of the Group's cash generating units. Fair value is established by valuing clients' Funds under Management in each of the cash generating units at the period end; the percentages of funds being used depending on values attributed in recent public transactions for the purchase of advisory and discretionary funds. If the carrying amount relating to any cash generating unit exceeds the calculated fair value less costs to sell, a value in use is calculated using a discounted cash flow method. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

If the recoverable amount of any asset other than client relationships or goodwill is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

w. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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4. Critical accounting judgements and key sources of estimation uncertainty

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

a. Impairment of purchased software

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

For the purposes of impairment testing, the Group values the recoverable amount of purchased software at its value in use. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The calculation of the value in use is based on the discounted expected future cash flows of the related cash generating unit(s) derived from the Group's Medium Term Plan as approved by the Board. The recoverable amount is sensitive to movements in forecasts and discount rates of the related cash-generating unit.

b. Goodwill and client relationships

The Group assesses whether payments made to newly recruited investment teams under contractual agreements represent payments for the acquisition of client relationships or remuneration for ongoing services provided to the Group.

Payments made for the acquisition of client relationships are capitalised whereas those that are judged to be in relation to the provision of ongoing services are expensed in the period in which they are incurred. During the period the Group capitalised £7,468,000 relating to acquisitions of client relationships and expensed £217,000 (2013: £5,888,000 capitalised and £nil expensed).

Amortisation of client relationships

The useful economic life over which client relationships are amortised is determined by the expected duration of the client relationships which are determined with reference to past experience of account closures, in particular the average life of those relationships, and future expectations. During the period, client relationships were amortised over a seven to fifteen-year period.

The amortisation for the period was £13,592,000, a reduction in the average amortisation period by one year would increase the amortisation expense for the period by £1,094,000.

Shares to be issued including premium and deferred purchase consideration

The Group has made purchases of businesses or client relationships under purchase agreements. Many of the purchase agreements included the payment of a deferred consideration. These deferred payments are estimated based on historic and expected earnings discounted to the present value using a pre-tax discount rate that reflects current market assumptions of the time value of money. This is inevitably judgemental and results in the valuation of the deferred payments being sensitive to changes in market conditions which develop over the calculation period for each acquisition.

Impairment of goodwill and client relationships

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

For the purposes of impairment testing, the Group values the recoverable amount of goodwill and client relationships at the fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on the valuation of the Funds under Management, which make up the relevant intangible asset. A percentage is applied to Funds under Management (3% for discretionary funds and 1% for advisory funds) to determine the fair value. These percentages have been based on recent public transactions.

Therefore, the recoverable amount is sensitive to movements in the valuation of Funds under Management. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 15.

c. Retirement benefit obligation

The calculation of the present value of the retirement benefit obligation is determined by using actuarial valuations. Management make key assumptions in determining the inputs into the actuarial valuations, which may differ from actual developments in the future. These assumptions are governed by IAS 19 Employee Benefits (revised 2011), and include the determination of the discount rate, life expectancies and future salary increases. Due to the complexities in the valuation, the retirement benefit obligation is highly sensitive to changes in these assumptions. The detailed assumptions are set out in note 25.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

d. Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 29.

Long-term Incentive Plan

During the period, the Group has established a new employee benefit scheme. The scheme includes performance based vesting conditions, which impacts the amount of benefit paid. The Group has made assumptions on the likelihood of meeting the performance conditions in determining the expense in the period. Further information on the scheme is disclosed in note 29.

e. Provisions

Onerous contracts provisions

The Group has recognised a provision for onerous contracts. 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 premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation. Further information is disclosed in note 32.

Sundry claims and associated costs

The Group recognises a provision for sundry claims and associated costs. The valuation of the claims is based on the best estimate discounted to present value. Further information is disclosed in note 32.

5. Revenue

	2014 £'000 52 weeks	2013 £'000 52 weeks
Investment management commission income	88,614	93,451
Financial Planning and trail income	18,424	26,469
Investment management fees	177,336	152,034
	284,374	271,954
Other operating income	6,108	11,724
Total revenue	290,482	283,678

6. Segmental information

For management reporting purposes the Group currently has a single division. This forms the reportable segment of the Group for the period. Please refer to the Consolidated Income Statement on page 76 and the Consolidated Balance Sheet on page 78, for numerical information.

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

The accounting policies of the operating segment is the same as those of the Group.

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7. Staff costs

	2014 52 weeks No.	2013 52 weeks No.
The average monthly number of employees including Directors by category was:		
Investment Management	986	1,127
Business Support	819	833
	1,805	1,960

	2014 52 weeks £'000	2013 52 weeks £'000
The aggregate payroll costs were as follows including Directors:		
Wages and salaries	116,374	115,686
Social security costs	13,413	16,443
Share-based payments	8,498	6,135
Termination benefits – redundancy costs	2,269	4,795
Death in service contributions	1,000	1,090
Pension costs		
Defined benefit scheme	17	100
Defined contribution scheme	10,174	9,520
	151,745	153,769
Staff costs	149,476	148,974
Redundancy costs	2,269	4,795
	151,745	153,769

The Company does not have any employees (2013: none).

8. Profit for the period

Profit for the period has been arrived at after charging/(crediting):

	2014 52 weeks £'000	2013 52 weeks £'000
Net foreign exchange (gains)/losses	(42)	5
Depreciation of property, plant and equipment (note 16)	5,371	5,569
Amortisation of intangible assets – client relationships (note 14)	13,592	12,520
Amortisation of intangible assets – software (note 14)	2,360	3,021
Impairment loss recognised on available-for-sale equity investments (note 18)	–	13
Impairment/(reversal of impairment) of trade receivables (note 19)	93	(11)
Auditor's remuneration (see analysis below)	485	430

Analysis of auditor's remuneration

	2014 52 weeks £'000	2013 52 weeks £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	59	57
Fees payable to the Company's auditor and their associates for other services to the Group: the audit of the Company's subsidiaries pursuant to legislation	225	201
Regulatory assurance work	66	57
	350	315
Other services		
Assurance services for external parties	20	13
AAF 01/06 – controls assurance report	65	62
Interim review	50	40
	485	430

Notes to the Financial Statements (continued)**9. Finance income and finance costs**

	2014 52 weeks £'000	(Restated) 2013 52 weeks £'000
Finance income		
Dividends from available-for-sale investments	472	436
Interest on bank deposits	1,077	1,016
	1,549	1,452
Finance costs		
Finance cost of deferred consideration	129	149
Interest expense on defined pension obligation	338	372
Unwinding of discount on provisions	48	18
Interest on bank overdrafts	31	17
	546	556

10. Other gains and losses

	2014 52 weeks £'000	2013 52 weeks £'000
Profit on disposal of available-for-sale investments	–	885
Impairment loss recognised on available-for-sale equity investments	–	(13)
	–	872

11. Taxation

	2014 52 weeks £'000	(Restated) 2013 52 weeks £'000
United Kingdom		
Current tax	8,447	6,590
Adjustments in respect of prior years	(50)	256
Overseas tax		
Current tax	204	194
Adjustments in respect of prior years	(1)	–
	8,600	7,040
United Kingdom deferred tax		
Current year	(6,204)	325
Adjustments in respect of prior years	(576)	(108)
	1,820	7,257

United Kingdom corporation tax is calculated at 22% (2013: 23.5%) of the estimated assessable taxable profit for the period. The Finance Act 2013 received Royal Assent on 17 July 2013 and reduced the corporation tax rate to 21% from 1 April 2014 (23% applied from 1 April 2013).

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

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

	2014 52 weeks £'000	(Restated) 2013 52 weeks £'000
Profit before tax	8,646	28,400
Tax at the UK corporation tax rate of 22% (2013: 23.5%)	1,902	6,674
Tax effect of:		
Income not taxable in determining taxable profit	–	(208)
Expenses that are not deductible in determining taxable profit	1,219	1,686
Share-based payments	(1,104)	(732)
Impairment of intangible asset – software	634	–
Prior year tax	(626)	(57)
Effect of lower tax rates applied to overseas subsidiaries	(172)	(275)
Exempt dividend income	(33)	(36)
Change in tax rate on deferred tax	–	205
Tax expense for the period	1,820	7,257
Effective tax rate for the year	21%	26%

Deferred tax asset/(liability)

In addition to the amount credited to the income statement, deferred tax relating to the actuarial loss in the defined benefit pension scheme amounting to £245,000 (2013: £403,000) has been credited to other comprehensive income. Deferred tax on share-based payments of £1,262,000 (2013: £258,000) has been credited to profit and loss reserves.

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

	Capital allowances £'000	Revaluation £'000	Other short-term timing differences £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible asset amortisation £'000	Total £'000
Group							
At 30 September 2012	2,306	(1,280)	1,256	2,243	2,252	(5,917)	860
Credit/(charge) in the period to the income statement	(455)	–	(105)	(811)	1,482	(328)	(217)
Credit/(charge) in the period to the statement of comprehensive income	–	(633)	–	403	1	–	(229)
Credit/(charge) in the period to the statement of changes in equity	–	–	–	–	258	–	258
At 29 September 2013	1,851	(1,913)	1,151	1,835	3,993	(6,245)	672
Credit/(charge) in the period to the income statement	39	–	444	(533)	801	6,029	6,780
Credit/(charge) in the period to the statement of comprehensive income	–	–	–	245	–	–	245
Credit/(charge) in the period to the statement of changes in equity	–	–	–	–	1,262	–	1,262
At 28 September 2014	1,890	(1,913)	1,595	1,547	6,056	(216)	8,959

Deferred income taxes are calculated using an expected rate of corporation tax in the UK of 20% (2013: 20%).

The credit in the period to the Income Statement decreasing the intangible asset amortisation deferred tax liability, primarily related to the impairment charge described in note 15.

As at the balance sheet date, the Group had unused capital tax losses of £7.7 million (2013: £7.7 million) relating to the disposal of the Corporate Advisory and Broking division in 2012, available for offset against future capital profits. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable capital profits available.

Notes to the Financial Statements (continued)**12. Dividends**

	2014 52 weeks £'000	2013 52 weeks £'000
Amounts recognised as distributions to equity shareholders in the period:		
2012/2013 Final dividend paid 28 March 2014, 5.05p per share (2013: 3.6p per share)	13,438	8,755
2013/2014 Interim dividend paid 4 July 2014, 3.65p per share (2013: 3.55p per share)	9,688	9,322
	23,126	18,077

Proposed final dividend for the 52 weeks ended 28 September 2014 of 6.25p (2013: 5.05p) per share based on shares in issue at 24 November 2014 (1 December 2013)	16,632	13,290
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The proposed final dividend for the 52 week period ended 28 September 2014 of 6.25p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these Financial Statements.

Under an arrangement dated 1 April 2011, Computershare Trustees (Jersey) Limited (the 'Trustee') holds 8,392,747 Ordinary Shares representing 3.06% of the Company's called up share capital in relation to employee share schemes, has agreed to waive all dividends due to the Trustee.

13. Earnings per share

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

	2014 £'000	2013 £'000
Number of shares		
Basic		
Weighted average number of shares in issue in the period	268,399	250,391
Diluted		
Effect of weighted average number of options outstanding for the period	13,922	12,211
Effect of estimated weighted average number of shares to be earned under deferred consideration arrangements	2,635	3,434
Diluted weighted average number of options and shares for the period	284,956	266,036

	2014 £'000	(Restated) 2013 £'000
Basic earnings attributable to ordinary shareholders		
Profit for the period	6,826	21,143
Disposal of available-for-sale investment	–	(885)
Redundancy costs	2,269	4,795
Additional FSCS levy	–	1,107
Onerous contracts provision	2,005	6,232
Amortisation of intangible assets – client relationships	13,592	12,520
Impairment of intangible assets – software	31,693	–
Licence provision	2,034	–
less tax effect of above	(11,350)	(5,586)
Adjusted ¹ basic profit for the period and attributable earnings	47,069	39,326

¹ Excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment.

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	2014 £'000	(Restated) 2013 £'000
Diluted earnings attributable to ordinary shareholders		
Profit for the period	6,826	21,143
Finance costs of deferred consideration ²	117	142
less tax	(26)	(33)
Adjusted fully diluted profit for the period and attributable earnings	6,917	21,252
Disposal of available-for-sale investment	–	(885)
Redundancy costs	2,269	4,795
Additional FSCS levy	–	1,107
Onerous contracts provision	2,005	6,232
Amortisation of intangible assets – client relationships	13,592	12,520
Impairment of intangible assets – software	31,693	–
Licence provision	2,034	–
less tax effect of above	(11,350)	(5,586)
Adjusted ¹ basic profit for the period and attributable earnings	47,160	39,435

	2014	(Restated) 2013
Earnings per share		
Basic	2.5p	8.4p
Diluted	2.4p	8.0p

	2014	(Restated) 2013
Adjusted¹ earnings per share		
Basic	17.5p	15.7p
Diluted	16.5p	14.8p

¹ Excluding redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment.

² Finance costs of deferred consideration are added back where the issue of shares is more dilutive than the interest cost saved.

Notes to the Financial Statements (continued)**14. Intangible assets****Group**

Cost	Goodwill £'000	Client relationships £'000	Software £'000	Total £'000
At 30 September 2012	48,637	94,690	30,483	173,810
Additions	–	4,616	16,288	20,904
Disposals	–	–	(156)	(156)
Exchange differences	–	8	–	8
Revaluation of shares to be issued and deferred purchase consideration in respect of acquisitions in prior periods (note 23)	–	1,264	–	1,264
At 29 September 2013	48,637	100,578	46,615	195,830
Additions	–	(53)	7,042	6,989
Disposals	–	–	(2)	(2)
Exchange differences	–	(11)	–	(11)
Revaluation of shares to be issued and deferred purchase consideration in respect of acquisitions in prior periods (note 23)	–	7,532	–	7,532
At 28 September 2014	48,637	108,046	53,655	210,338

Accumulated amortisation and impairment

At 30 September 2012	–	43,477	9,403	52,880
Amortisation charge for the period	–	12,520	3,021	15,541
Eliminated on disposal	–	–	(39)	(39)
Exchange differences	–	–	–	–
Impairment losses for the period	–	–	–	–
At 29 September 2013	–	55,997	12,385	68,382
Amortisation charge for the period	–	13,592	2,360	15,952
Eliminated on disposal	–	–	–	–
Exchange differences	–	–	–	–
Impairment losses for the period	–	–	31,693	31,693
At 28 September 2014	–	69,589	46,438	116,027

Net book value

At 28 September 2014	48,637	38,457	7,217	94,311
At 29 September 2013	48,637	44,581	34,230	127,448
At 30 September 2012	48,637	51,213	21,080	120,930

Software costs previously categorised as software development and purchased software have been amalgamated based on materiality and to achieve clearer presentation.

Client relationship additions are made up as follows:

	2014 £'000	2013 £'000
Cash paid for additions in period	–	1,842
Deferred purchase liability	–	26
Value of shares to be issued ¹	–	189
	–	2,057
Cash paid for businesses or client relationships acquired in previous periods	116	1,642
Shares issued in period	3,064	5,868
Other additions	316	1,768
Utilisation of provisions for deferred purchase liability and shares to be issued (note 23)	(3,549)	(6,719)
Adjustments to prior year acquisitions	(53)	2,559
Total additions	(53)	4,616

¹ The number of shares issuable is determined by the share price at the date of issue.

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15. Impairment

Impairment of purchased software

On 13 May 2014, the Board announced that it had taken the decision to terminate the roll out of a major new stockbroking and wealth management software into the Discretionary Wealth Management business of the Group and only to use it within Stocktrade, the Group's Execution Only division.

In accordance with IFRSs, intangible assets are assessed for impairment at each reporting date or when there is an indication of impairment. The decision to terminate the roll out of the new software into the Group was an indication of impairment.

Impairment is established by comparing the recoverable amount of the asset to the carrying value. The asset does not generate cash flows that are independent from other assets, therefore the recoverable amount has been estimated for the cash generating unit ('CGU'), Stocktrade to which the asset belongs. The recoverable amount has been determined to be the software's value in use, as part of the cash generating unit, Stocktrade.

The value in use of the Stocktrade CGU was determined on a discounted expected cash flow basis derived from the Group's Medium Term Plan as approved by the Board. The recoverable amount is sensitive to movements in forecasts and discount rates of the related cash generating unit. A discount rate of 16% was applied to the expected cash flows. The discount rate used was higher than the Group's average weighted cost of capital, to reflect the size and nature of Stocktrade's business.

The recoverable amount in use was compared to the carrying value of the software which resulted in an impairment charge of £31.7 million.

Goodwill impairment testing

The below table shows the goodwill and client relationships allocated to the cash-generating units and recoverable amounts:

	Goodwill £'000	Client relationships £'000	Total £'000	Recoverable Amount £'000
Carrying amount at period end				
Midland Investment Management team 1	5,149	–	5,149	10,258
Midland Investment Management team 2 ¹	–	893	893	33,615
Midland Investment Management team 4 ²	–	1,658	1,658	12,122
South East Investment Management team	9,987	–	9,987	18,635
Tilman Brewin Dolphin Limited ³	–	19,036	19,036	28,911
Other Investment Management teams ⁴	33,501	16,870	50,371	744,506
	48,637	38,457	87,094	848,047

¹ Amortisation period remaining 1 years.

² Amortisation period remaining 3 years 1 month.

³ Amortisation period remaining 11 years 10 months.

⁴ None of the constituent parts of the goodwill or client relationships relating to the other investment management teams is individually significant in comparison to the total value of goodwill or client relationships respectively.

In accordance with IFRSs, the Group performs impairment testing for goodwill on an annual basis or more frequently when there are indications of impairment. For client relationships, impairment testing is performed at each reporting date.

The recoverable amounts for each of the CGUs is the fair value in use less costs of disposal. The fair value is determined by applying percentages to the Funds under Management for each CGU. The percentages applied are based on reference to recent observable market transactions. Discretionary funds are valued at 3% and advisory funds are valued at 1% of Funds under Management.

The recoverable amount for each of the CGUs is disclosed above.

Sensitivity analysis of the key assumptions

A 10bp absolute change in the value of Funds under Management used for the purpose of impairment testing impacts the valuation of the CGUs collectively by +/- 4.0% or +/- £19 million movement on the estimated value of Funds under Management of £473 million of the CGUs which have goodwill/and or client relationships balances as at 28 September 2014.

Notes to the Financial Statements (continued)**16. Property, plant and equipment**

Cost	Leasehold Improvements £'000	Office Equipment £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
At 30 September 2012	12,329	12,817	32	76,647	101,825
Additions	2,042	1,212	–	1,267	4,521
Exchange differences	9	25	2	–	36
Disposals	(1,693)	(373)	–	(143)	(2,209)
At 29 September 2013	12,687	13,681	34	77,771	104,173
Additions	729	236	–	1,820	2,785
Exchange differences	(12)	(35)	(2)	–	(49)
Disposals	(1,601)	(627)	–	(399)	(2,627)
At 28 September 2014	11,803	13,255	32	79,192	104,282

Depreciation

At 30 September 2012	6,918	9,181	8	69,767	85,874
Charge for the period	1,459	1,545	6	2,559	5,569
Exchange differences	8	20	–	–	28
Eliminated on disposal	(1,155)	(318)	–	(145)	(1,618)
At 29 September 2013	7,230	10,428	14	72,181	89,853
Charge for the period	1,234	1,542	8	2,587	5,371
Exchange differences	(12)	(31)	(1)	–	(44)
Eliminated on disposal	(1,021)	(567)	–	(386)	(1,974)
At 28 September 2014	7,431	11,372	21	74,382	93,206

Net book value

At 28 September 2014	4,372	1,883	11	4,810	11,076
At 29 September 2013	5,457	3,253	20	5,590	14,320
At 30 September 2012	5,411	3,636	24	6,880	15,951

17. Investments in subsidiaries

The following are the Group's principal subsidiary undertakings, all of which are owned 100% directly or indirectly by the Group and are included in the consolidated Financial Statements:

Name of Subsidiary	Activity	Country of registration	Class of share capital
Brewin Dolphin Limited	Investment Manager	England & Wales	Ordinary
Brewin Dolphin MP	Investment Manager	England & Wales	A Ordinary/B Ordinary
Tilman Brewin Dolphin Limited	Investment Manager	Republic of Ireland	Ordinary

The Group has taken advantage of Section 410(2)(a) of the Companies Act 2006 and only disclosed those undertakings whose results or financial position, in the opinion of the Directors, principally affected the figures in the consolidated financial statements. A complete list of the Group's subsidiaries will be included in the Group's annual return to Companies House.

Company

	2014 £'000	2013 £'000
At start of period	191,699	186,194
Change in investment in Brewin Dolphin Limited	1,566	924
Investment in Tilman Brewin Dolphin Limited	5,839	490
Capital contribution to Brewin Dolphin Limited re share-based payments	2,255	4,091
At end of period	201,359	191,699

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18. Investments

Available-for-sale investments

Group

	Listed investments £'000	Unlisted investments £'000	Total £'000
At 30 September 2012	13	6,000	6,013
Impairment recognised in the income statement	(13)	–	(13)
Net gain from changes in fair value recognised in equity	–	4,000	4,000
At 29 September 2013	–	10,000	10,000
Impairment recognised in the income statement	–	–	–
Net gain from changes in fair value recognised in equity	–	–	–
At 28 September 2014	–	10,000	10,000

The unlisted available-for-sale investment in Euroclear plc is as a result of a £0.4 million strategic investment in Crest, the London based settlement system. Crest was acquired by Euroclear plc, the Group holds 0.56% (2013: 0.52%) of Euroclear plc share capital. As at 28 September 2014, the Directors valued the Group's holding in Euroclear plc at £10 million (2013: £10 million).

Subsequent to the year-end, the Group entered a process to sell its shareholding in Euroclear plc by way of a tender offer effected through a reverse auction process. On 20 November 2014, Euroclear plc confirmed that they had decided to fully accept the Group's offer to sell shares back to them. The sale price was €640 per share, generating gross sale proceeds of €12.7 million (£10.2 million). The sale is expected to be formally confirmed at a Euroclear plc General Meeting on 11 December 2014.

Trading investments

Group

	Listed investments £'000	Total £'000
Fair value		
At 29 September 2013	872	872
At 28 September 2014	912	912

Investments are measured at fair value which is determined directly by reference to published prices in an active market where available.

The trading investments are held in an unregulated subsidiary, Brewin Dolphin MP, whose sole objective is to provide seed capital to the model portfolios managed under an investment mandate by Brewin Dolphin Limited.

Notes to the Financial Statements (continued)**19. Trade and other receivables****Group**

	2014 £'000	2013 £'000
Non-current: other receivables		
Loans ¹	1,092	1,353
	1,092	1,353
Current: trade and other receivables		
Trade debtors	240,366	199,938
Loans ¹	337	560
Other debtors	465	516
Prepayments and accrued income	56,154	57,834
	297,322	258,848

¹ All loans are to staff and the Directors believe that the balances are fully recoverable.

Company

	2014 £'000	2013 £'000
Non-current: other receivables		
Loans	250	319
	250	319
Current: trade and other receivables		
Prepayments and accrued income	14	23
Amounts due from subsidiary undertakings	38,905	44,544
	38,919	44,567

Trade debtors relate to either market or client transactions and are considered to be past due once the date for settlement has passed. The date for settlement is determined when the trade is booked. It is expected that some transactions may become past due in the normal course of business. Fees owed by clients are considered to be past due when they remain unpaid after 30 days after the relevant billing date. Trade debtors that are older than ninety days are provided for unless collateral is held. The maximum exposure to credit risk is the carrying value as above.

Ageing of past due but not impaired trade debtors

	2014 £'000	2013 £'000
Not past due	236,167	193,328
Up to 15 days past due	2,964	5,086
16 to 30 days past due	154	432
31 to 45 days past due	143	202
More than 45 days past due	698	724
	240,126	199,772

Individually impaired trade debtors

	2014 £'000	2013 £'000
Individually impaired trade debtors	437	356
Provision for doubtful debts	(197)	(190)
	240	166
Trade debtors	240,366	199,938

Movements in provision for doubtful debts

	2014 £'000	2013 £'000
At start of period	190	201
Net charge/(release) to the income statement	93	(11)
Doubtful debts written off	(86)	—
At end of period	197	190

No other financial assets of the Group or the Company, other than doubtful debts, are impaired.

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20. Cash and cash equivalents

	2014 £'000	2013 £'000
Group		
Firm's cash	136,383	116,686
Client settlement cash	21,687	20,301
	158,070	136,987
Company		
Firm's cash	624	136
	624	136

Client settlement cash is held in segregated client accounts and is not available for use in the business. Cash and cash equivalents comprises cash at banks. The carrying amount of these assets is approximately equal to their fair value.

At the balance sheet date there were also deposits for clients, not included in the consolidated balance sheet, which were held in segregated client bank accounts amounting to £1.49 billion (2013: £1.46 billion).

21. Bank overdrafts

	2014 £'000	2013 £'000
Group		
Bank overdrafts	1,270	3,153
	1,270	3,153

Bank overdrafts are unsecured and repayable on demand.

22. Trade and other payables

	2014 £'000	2013 £'000
Group		
Trade creditors	252,117	214,923
Other creditors	5,822	8,764
Other taxes and social security	9,557	8,070
Accruals and deferred income	59,598	57,653
Deferred purchase consideration (note 23)	131	474
	327,225	289,884
Company		
Other creditors	15	16
Accruals and deferred income	5,077	3,319
Amounts payable to subsidiary undertakings	7,336	7,336
	12,428	10,671

Trade creditors relate to either market or client transactions; the date for settlement is determined when the trade is booked. Other trade and other payable balances principally comprise amounts outstanding for ongoing costs.

Notes to the Financial Statements (continued)**23. Shares to be issued including premium and other deferred purchase liabilities**

The Group acquires investment businesses and teams of Investment Managers, bringing with them Funds under Management (the latter classified as the intangible asset client relationships) on deferred purchase terms based on the value of income introduced over, normally, a three-year period. The payment is normally made in Ordinary Shares and these shares typically have to be held for a further three years. At the discretion of the Board these shares can be purchased in the market rather than issued. The estimated likely cost of these shares is reassessed annually, see notes 3(t) and 4. During the period there was a net upward assessment of £7.5 million (2013: £1.3 million). The other side of the liability is recorded in intangible assets-client relationships, see note 14.

Each individual transaction has a cap as to the maximum value that could be paid out. The value of the cap is set substantially above what is expected to be paid out. The total value of these caps is £17.7 million (2013: £9.5 million) for shares to be issued within one year, £42.2 million (2013: £59.2 million) for shares to be issued from one to five years. There is £nil (2013: £nil) of further potential expenditure contracted for but not provided in the accounts.

In the event of the Group being acquired by a third party, provisions exist to renegotiate the deferred purchase consideration into the shares of the acquiring entity, or for the deferred settlement period to be truncated.

As at 28 September 2014

	Shares to be issued inc. premium (Group & Company) £'000	Deferred Purchase Consideration (Group only) £'000	Total £'000
Deferred consideration relating to acquisitions			
Current liability			
Payments relating to 3 cash-generating units	10,068	131*	10,199
	10,068	131	10,199
Non-current liability			
Payments relating to 10 cash-generating units payable in 2015/16	9,212	1,271	10,483
	9,212	1,271	10,483
Total current and non-current liability	19,280	1,402	20,682
Reconciliation of movement in total of current and non-current liabilities			
Balance as at 29 September 2013	14,911	1,659	16,570
On acquisitions in the period	–	–	–
Adjustment to prior year acquisitions (see notes 3(t) and 14)	7,322	210	7,532
Unwind of discount charged to the income statement	123	6	129
Utilised in period	(3,076)	(473)	(3,549)
Balance as at 28 September 2014	19,280	1,402	20,682

* Current liability for Deferred Purchase Consideration is included in the Consolidated Balance Sheet within Trade and Other Payables.

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As at 29 September 2013

	Shares to be issued inc. premium (Group & Company) £'000	Deferred Purchase Consideration (Group only) £'000	Total £'000
Deferred consideration relating to acquisitions			
Current liability			
Payments relating to 4 cash-generating units	3,075	474*	3,549
	3,075	474	3,549
Non-current liability			
Payments relating to 3 cash-generating units payable in 2014/15	4,255	139	4,394
Payments relating to 8 cash-generating units payable in 2015/16	7,581	1,046	8,627
	11,836	1,185	13,021
Total current and non-current liability	14,911	1,659	16,570
Reconciliation of movement in total of current and non-current liabilities			
Balance as at 30 September 2012	19,276	2,385	21,661
On acquisitions in the period	189	26	215
Adjustment to prior year acquisitions (see notes 3(f) and 14)	1,162	102	1,264
Unwind of discount charged to the income statement	142	7	149
Utilised in period	(5,858)	(861)	(6,719)
Balance as at 29 September 2013	14,911	1,659	16,570

* Current liability for Deferred Purchase Consideration is included in the Consolidated Balance Sheet within Trade and Other Payables.

24. Financial instruments and risk management

Overview

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

Risk management

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

The Board have established a clear relationship between the Group's strategic objectives and the level of capital which the Board are prepared to place at risk through a risk appetite statement. The risk appetite statement outlines 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 the Group operates within.

The Group's Board Risk Committee provides oversight of the adequacy of the Group's risk management framework based on the risks to which the Group is exposed. They monitor how management comply with the Group's risk management policies and procedures. They are assisted in the discharge of this duty by the Group's Regulation & Risk Department which has responsibility for monitoring the overall risk environment of the Group. The Board 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 Board Risk Committee, for both review and oversight of internal controls. The Audit Committee is assisted in the discharge of its obligations by Internal Audit who undertake periodic and ad-hoc reviews on the effectiveness of risk controls and compliance with risk management policies.

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

24. Financial instruments and risk management (continued)

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. Consideration is given to regulatory capital requirements and to ensure the Group is sufficiently robust to withstand periods of market stress.

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

Regulatory capital requirements

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

The Pillar II 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. This takes into the account the Group's Principal Risk Register which is updated on a regular basis. The ICAAP is kept updated throughout the year to take account of changes to the Group's Principal Risks and for any material changes to strategy or business plans. The ICAAP is discussed and approved at a Brewin Dolphin Holdings PLC Board meeting at least annually.

Regulatory capital adequacy is monitored daily 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 period.

The regulatory capital resources of the Group were as follows:

	28 September 2014 £'000	29 September 2013 £'000
Called up share capital	2,745	2,712
Share premium account	139,420	133,341
Own shares	(16,045)	(12,734)
Revaluation reserve	7,652	7,652
Merger reserve	61,380	61,380
Profit and loss account	16,822	29,294
	211,974	221,645
Shares to be issued	19,280	14,911
Regulatory capital resources before deductions	231,254	236,556
Deduction – Intangible assets (net of deferred tax liability ¹)	(90,019)	(127,448)
Deduction – Free Deliveries	(172)	(380)
Total regulatory capital resources after deductions	141,063	108,728

¹ Only applicable for the period ended 28 September 2014.

Information disclosure under Pillar 3 of the Capital Requirements Directive will be published on the Group's website before 31 December 2014 at www.brewin.co.uk.

Significant accounting policies

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed in note 3(r) to the financial statements.

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Categories of financial instruments

Group	Carrying value	
	2014 £'000	2013 £'000
Financial assets		
Fair value through profit and loss – held for trading	912	872
Loans and receivables (including cash and trade receivables)	444,973	386,098
Available-for-sale investments	10,000	10,000
	455,885	396,970
Financial liabilities		
Shares to be issued including premium	19,280	14,911
Amortised cost	303,729	291,165
	323,009	306,076

Company

	Carrying value	
	2014 £'000	2013 £'000
Financial assets		
Loans and receivables (including cash and trade receivables)	39,779	45,022
	39,779	45,022
Financial liabilities		
Shares to be issued including premium	19,280	14,911
Amortised cost	7,390	7,337
	26,670	22,248

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

Market risk

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

The Group undertakes investment management and stockbroking activities on an agency basis on behalf of its clients. The Group does not hold financial instruments as principal with the exception of the trading investments held by Brewin Dolphin MP (see note 18) and all trades are matched in the market.

The Group deals in foreign currencies on a matched basis on behalf of clients, limiting foreign exchange exposure. The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year-end was a debtor of £122,000 (2013: £119,000 debtor).

At the period end Tilman Brewin Dolphin Limited had net assets of £4.7 million (2013: £4.0 million) denominated in its local currency (Euros).

The Group does not hold any derivatives (2013: none).

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

i. Equity price risk

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

24. Financial instruments and risk management (continued)

ii. 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 52 week period ended 28 September 2014 would have been £45,600 higher/lower (2013: £44,000 higher/lower) due to changes in the value of held-for-trading investment; and
- other equity reserves as at 28 September 2014 would increase/decrease by £500,000 (2013: increase/decrease by £500,000) pre-tax for the Group as a result of the changes in fair value of available-for-sale investments.

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

iii. 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 deposits on demand (variable interest rate). At the end of the period a 1% increase in base rate would have increased pre-tax profitability by £784,000 (2013: £722,000).

Credit risk

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

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

Maximum exposure

The maximum exposure to credit risk at the end of the reporting period is equal to the balance sheet figure.

Credit exposure

Credit exposure in relation to both client and market transactions is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current period of £11,700 (2013: £12,200); there are additional controls for high value trades.

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the period end was £437,000 (2013: £356,000). Collateral valued at fair value by the Group in relation to these impaired assets was £240,000 (2013: £166,000). This collateral is stock held in the clients' account which per our client terms and conditions can be sold to meet any unpaid liabilities falling due. The net difference has been provided as a doubtful debt (see note 19). Note 19 also details amounts past due but not impaired.

Credit quality

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, are matched in the market, and are either traded on a DVP basis or against a client's portfolio in respect of which any one trade would normally be a small percentage of the client's collateral held in the Group nominee. At the period end no financial assets that would otherwise be past due or impaired had been renegotiated (2013: none).

Loans to employees are repayable over five to ten years (see note 19).

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

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

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

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Liquidity risk

Liquidity risk refers to the risk that the Group will be unable to meet its financial obligations as they fall due. The Group maintains adequate cash resources to meet its financial obligations at all times. All client cash deposits are repayable on demand. At 28 September 2014, the Group had access to an unsecured overdraft facility of £15 million (2013: £15 million).

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

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

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

Group

As at 28 September 2014	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	–	10,068	–	9,212	–	19,280
Amortised cost	256,462	28,305	18,789	173	–	303,729
	256,462	38,373	18,789	9,385	–	323,009

As at 29 September 2013	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	–	2,109	966	11,836	–	14,911
Amortised cost	234,737	25,005	24,585	6,838	–	291,165
	234,737	27,114	25,551	18,674	–	306,076

Company

As at 28 September 2014	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	–	10,068	–	9,212	–	19,280
Amortised cost	7,390	–	–	–	–	7,390
	7,390	10,068	–	9,212	–	26,670

As at 29 September 2013	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	–	2,109	966	11,836	–	14,911
Amortised cost	7,337	–	–	–	–	7,337
	7,337	2,109	966	11,836	–	22,248

Fair value measurement recognised in the statement of financial position

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

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

Notes to the Financial Statements (continued)

24. Financial instruments and risk management (continued)

Fair value of the Group's financial asset and liabilities that are measured at fair value on a recurring basis

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

	Fair value as at 28 September 2014 £'000	Fair value as at 29 September 2013 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 3					
Available-for-sale investments	10,000	10,000	Average of 2 valuation techniques: – Earnings multiple – Net assets Derived from the latest audited accounts.	Marketability discount ranging between 30–50%	As the marketability discount increases the valuation decreases.
Shares to be issued including premium	19,280	14,911	The valuation of the consideration is based on historic and expected future earnings. The terms are agreed as part of each acquisition.	Forecasted earnings	As forecasted earnings increase the valuation of the shares to be issued increases.
Deferred purchase consideration	1,402	1,659	The valuation of the consideration is based on historic and expected future earnings. The terms are agreed as part of each acquisition.	Forecasted earnings	As forecasted earnings increase the valuation of the deferred purchase consideration increases.
Level 1					
Trading investments	912	872	Quoted bid prices in an active market	n/a	n/a

Sensitivity analysis

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

Financial asset/financial liability	Assumption	Change in assumption	Impact on valuation
Available-for-sale investments	Marketability discount	Increase by 5%	Decrease by £741,000
Shares to be issued including premium/ Deferred purchase consideration	Forecasted earnings	Increase by 5%	Increase by £410,000

Fair value hierarchy

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

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

*Reconciliation of Level 3 fair value measurement of financial assets:***Available-for-sale**

	Unquoted equities £'000
Balance at 29 September 2013	10,000
Total gains or losses: in other comprehensive income	–
Balance at 28 September 2014	10,000

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

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25. Retirement benefit obligation

The Group operates a registered Defined Contribution Scheme (the Brewin Dolphin Senior Staff Pension Fund) and a registered Defined Benefit Scheme (the Brewin Dolphin Limited RBS) in the UK which both offer pensions in retirement and death benefits to members. The disclosures provided are in respect of the Defined Benefit Scheme only (the 'Scheme').

Pension benefits are related to the members' final salary at retirement and their length of service. The pension is payable for life and has elements increasing in payment in line with inflation up to a maximum of 5% p.a. Since 1 April 2003 the Scheme has been closed to new members. Members under age 55 at 1 April 2004 ceased to accrue further service in the Scheme from that date. Contributions to the Scheme for the year beginning October 2014 are expected to be £3.0 million.

The Scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the Scheme is subject to the Scheme funding requirements outlined in section 224 of the Pensions Act 2004.

The Scheme was established under trust and is governed by the Scheme's Trust Deed and Rules. In accordance with UK trust and pensions law, the Scheme has appointed Trustees. Although the Group bears the financial cost of the Scheme, the responsibility for the management and governance of the Scheme lies with the Trustees, who have a duty to act in the best interest of members at all times.

Valuation for funding purposes

The valuation as at 31 December 2011:

	31 December 2011 £'000
Value of scheme assets	58,468
Actuarial value of scheme liabilities in respect of	
In-service members	(25,135)
Deferred pensioners	(23,689)
Current pensioners and dependants	(29,836)
	(78,660)
Scheme deficit	(20,192)
Funding level	74%

The Scheme is valued for funding purposes at intervals of not more than three years by an independent qualified actuary. The latest valuation for funding purposes was as at 31 December 2011.

The Group and the Scheme's Trustees agreed a deficit reduction plan following the 2011 valuation and it was agreed that Brewin Dolphin Limited would pay contributions of £250,000 per month from 1 January 2013 with the aim of eliminating the deficit by 31 March 2020. Brewin Dolphin Limited has also agreed to pay contributions at 25.6% of pensionable salaries in respect of future benefit accrual for the in-service members of the Scheme. From 1 October 2014, there will not be any future benefit accrual following the retirement of the final in-service member. The next actuarial valuation of the Scheme is due as at 31 December 2014 and a revised deficit reduction plan will be considered as part of this exercise. The administration costs of the Scheme, including investment management fees and Scheme levy payments are currently paid by Brewin Dolphin Limited as they fall due.

Summary of amounts recognised in the financial statements under IAS 19

In the consolidated financial statements, the Group accounts for pension costs, other post-retirement benefits and related redundancy provisions in accordance with IAS 19 (Employee Benefits). Under the standard, the difference between the market values of Scheme assets and the present value of Scheme liabilities is reported as a surplus (to the extent a surplus may be seen) or deficit in the balance sheet. The accounting value is different from the result obtained using the funding basis.

The accounts show the Scheme has a smaller deficit than that revealed by the last funding valuation. The main reasons for this is the difference between the experience of the Scheme over the period from 1 January 2012 to 28 September 2014 and that assumed for the purposes of the funding valuation as at 31 December 2011, and the differences in the assumptions used to value the liabilities in the accounting and funding valuations for the Scheme.

In the preparation of the valuations under IAS 19 referred to in this note, the actuary has used the assumptions indicated below, which the Group has directed for the purposes of accounting and disclosure under IAS 19.

25. Retirement benefit obligation (continued)

Effect of applying revised IAS 19

The amendments to IAS 19 endorsed by the EU on 5 June 2012 have been adopted by the Group. As a consequence of the revision to the standard, the basis of the calculation of the income statement expense has changed, with the expected rate of return on assets aligned with the discount rate applied to the scheme's liabilities. The effect of this is to recognise a net interest expense for the period ending 28 September 2014 of £338,000. Had the unrevised standard been applied net income of £166,000 would have been recognised for the period ending 28 September 2014. In line with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) all changes have been applied retrospectively leading to a restatement of the net interest expense for the period ending 29 September 2013 to £372,000 from £201,000 previously reported. In addition, there have been amendments made to the disclosure requirements which have been implemented in the note.

Risks

The main risks to which the Group is exposed in relation to the pension scheme are:

Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise this risk.

Investment risk – the Scheme invests its assets in a diversified portfolio of assets. There are risks that the assets underperform relative to increases in the value of the Scheme's liabilities increasing the cost to the Group of the benefit provision.

There is a risk that the assets invested in do not sufficiently match the characteristics of the Scheme's liabilities and so a fall in asset values is not similarly matched by a fall in the value of the liabilities. While certain assets are chosen that match the characteristics of the Scheme's liabilities and membership profile, the Scheme currently invests in a high proportion of equity and assets that are not expected to closely match the majority of the Scheme's liabilities. However this is mitigated by an overlay of interest rate and inflation swaps. The Scheme's Trustees review the performance of the assets and structure of the portfolio on a regular basis to ensure the risks being taken under investment are commensurate with normal Trustee principles and the ability of the Group to mitigate adverse investment experience.

Price inflation risk – some of the Scheme's benefits increase in line with price inflation and so if inflation is greater than expected, the costs of providing these benefits will increase. The Scheme holds government bonds with payments also linked to inflation to assist in mitigating this risk.

Scheme investment strategy and level of matching

The Scheme's investment strategy is to invest broadly 85% in higher return seeking assets (e.g. equities, high yielding bonds etc.) and 15% in matching assets (e.g. fixed interest gilts and index-linked gilts). The long-term objective is to target an investment return of 2.55% p.a. (net of fees) in excess of a portfolio of gilts that closely matches the behaviour of the Scheme's liabilities. The Scheme also has a liability hedging overlay to mirror the majority of the movement in the matching gilt portfolio. This strategy thus reflects the Scheme's liability profile and the Trustees' and Group's attitude to risk. The asset allocation as at 28 September 2014 and 29 September 2013 is provided below, disaggregated between assets that are believed to have a quoted market price in an active market. The Scheme uses a service offered by an independent third party Investment Manager, to invest in a wide range of asset classes.

None of the assets of the pension schemes are invested in the Group's own financial instruments and none of the assets are properties or other assets used by the Group.

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A full actuarial valuation of the Scheme was carried out as at 31 December 2011 and has been updated to 28 September 2014 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 28 September 2014	As at 29 September 2013
Discount rate	3.90%	4.40%
RPI inflation assumption	3.10%	3.20%
CPI inflation assumption	2.10%	2.20%
Rate of increase in salaries	3.10%	3.20%
LPI pension increases	3.00%	3.10%

Average assumed life expectancies for members on retirement at age 65.

Retiring today:

Males	88.9 years	88.8 years
Females	90.1 years	89.0 years

Retiring in 20 years' time:

Males	90.2 years	90.1 years
Females	91.6 years	91.5 years

The assets in the scheme were:

	2014 £'000	(Restated) 2013 £'000
Equities and property (quoted)	29,924	27,393
Fixed interest bonds (quoted)	26,662	18,514
Index linked bonds (quoted)	7,388	6,796
Liability hedging (quoted)	1,441	(870)
Commodities (quoted)	–	1,289
Currency hedging (quoted)	161	242
Alternatives (quoted)	6,530	5,997
Alternatives (unquoted)	128	684
Cash	3,441	6,451
Fair value of scheme assets	75,675	66,496

The actual return on assets over the period was: 8,439 5,049

Present value of funded obligations	83,410	75,673
Fair value of scheme assets	75,675	66,496
Deficit in funded scheme	(7,735)	(9,177)

Present value of unfunded obligations	–	–
Unrecognised actuarial gains (losses)	–	–
Adjustment in respect of asset ceiling and minimum funding requirement	–	–
Net liability in balance sheet	(7,735)	(9,177)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2014 £'000	(Restated) 2013 £'000
Benefit obligation at beginning of period	75,673	70,599
Service cost	17	100
Interest cost	3,280	3,124
Contributions by scheme participants	10	49
Net remeasurement losses – financial	6,399	4,418
Net remeasurement losses/(gains) – experience	321	(75)
Benefits paid	(2,290)	(2,542)
Benefit obligation at end of period	83,410	75,673

Notes to the Financial Statements (continued)**25. Retirement benefit obligation (continued)****Reconciliation of opening and closing balances of the fair value of plan assets**

	2014 £'000	(Restated) 2013 £'000
Fair value of plan assets at beginning of period	66,496	60,845
Interest income on scheme assets	2,942	2,923
Return on assets, excluding interest income	5,497	2,126
Contributions by employers	3,020	3,095
Contributions by scheme participants	10	49
Benefits paid	(2,290)	(2,542)
Fair value of scheme assets at end of year	75,675	66,496

The amounts recognised in the income statement are:

	2014 £'000	(Restated) 2013 £'000
Service cost	17	100
Net interest on the net defined benefit liability	338	372
Settlements and curtailments	–	–
Total expense	355	472

Remeasurements of the net defined benefit liability to be shown in other comprehensive income ('OCI')

	2014 £'000	(Restated) 2013 £'000
Net remeasurement – financial	6,399	4,418
Net remeasurement – demographic	–	–
Net remeasurement – experience	321	(75)
Return on assets, excluding interest income	(5,497)	(2,297)
Total remeasurement of the net defined benefit liability to be shown in OCI	1,223	2,046

Sensitivity analysis

It should be noted that the methodology and assumptions prescribed for the purposes of IAS 19 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

A sensitivity analysis of the principal assumptions used to measure the Scheme liabilities. The duration of the pension scheme liabilities is in the region of 20 years.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.25%	Increase by £4.7m
Rate of inflation (RPI and CPI)	Increase by 0.25%	Increase by £3.8m
Assumed life expectancy	Members live 1 year longer	Increase by £2.5m

The sensitivity figures have been calculated using the same method used for the calculation of the disclosed liabilities as at 28 September 2014. Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate.

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The inflation sensitivities allow for the consequential impact on the relevant pension increase assumptions. In practice, changes in one assumption may be accompanied by changes in another assumption.

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26. Called up share capital

Group and Company

	2014 No.	2013 No.	2014 £'000	2013 £'000
Authorised:				
Ordinary Shares of 1p each	500,000,000	500,000,000	5,000	5,000
Ordinary Shares of 1p each				
Allotted, issued and fully paid:	274,452,745	271,194,965	2,745	2,712
Allotted, issued Dec 2006 at 184.5p, nil paid last subscription date Dec 2013	–	205,960	–	–
Allotted, issued June 2007 at 217.5p, nil paid last subscription date June 2014	–	300,770	–	–
Allotted, issued Dec 2007 at 162.5p, nil paid last subscription date Dec 2014	264,585	396,570	–	–
Allotted, issued July 2008 at 104p, nil paid last subscription date June 2015	249,991	485,560	–	–
Allotted, issued Dec 2008 at 108.6p, nil paid last subscription date Dec 2015	101,288	220,992	–	–
	275,068,609	272,804,817	2,745	2,712

	Date	No. of Fully Paid Shares	No. of Nil Paid Shares	Exercise/ Issue Price (pence)	Called up share capital £'000	Share premium account £'000	Total £'000
At 29 September 2013		271,194,965	1,609,852	–	2,712	133,341	136,053
Issue of options	Various	1,205,442	–	81.3p–179.75p	12	1,449	1,461
Nil paid shares now paid up	Various	993,988	(993,988)	104.0p–217.5p	10	1,614	1,624
Settlement of deferred consideration	5 December 2013	750,852	–	282p	8	2,109	2,117
Settlement of deferred consideration	25 June 2014	307,498	–	307.9p	3	944	947
Cost of issue of shares	Various	–	–	–	–	(37)	(37)
At 28 September 2014		274,452,745	615,864	–	2,745	139,420	142,165

The following options have been granted and remain outstanding:

	Exercise price	Grant date	2014 No.	2013 No.
Approved share option	81.3p	December 2003	–	129,944
Approved share option	98p	December 2004	10,425	81,391
Approved share option	145p	December 2005	119,602	225,233
Unapproved share option ¹	179.8p	May 2006	–	16,689
Approved share option	175.25p	November 2006	230,787	376,186
Unapproved share option ¹	184.5p	December 2006	–	336,040
Unapproved share option ¹	217.5p	June 2007	–	393,063
Approved share option	168p	November 2007	125,476	241,087
Unapproved share option ¹	162.5p	December 2007	467,637	550,707
Unapproved share option ¹	104p	July 2008	543,250	706,708
Approved share option	103.5p	November 2008	90,800	581,778
Unapproved share option ¹	108.6p	December 2008	138,120	322,280
Approved share option	165.7p	December 2009	648,271	715,591
Deferred Profit Share Plan ²	Nil	December 2010	537,100	3,211,011
Approved share option	148p	December 2010	307,228	339,478
Approved share option	131.3p	December 2011	77,250	84,500
Deferred Profit Share Plan ²	Nil	December 2011	4,272,775	4,339,998
Deferred Profit Share Plan	Nil	December 2012	2,669,482	2,729,301
Deferred Profit Share Plan ²	Nil	December 2013	1,708,057	–
Equity Award Plan ²	Nil	December 2013	1,702,095	–
Long-term Incentive Plan	Nil	February 2014	897,935	–
Total options outstanding			14,546,290	15,380,985

¹ Under the Senior Employee Matching Share Purchase Scheme.

² These options do not count towards dilution limits because the shares have been purchased in the market by the Brewin Dolphin Holdings PLC Share Ownership Trust.

26. Called up share capital (continued)

The rights and obligations attached to the Ordinary Shares of 1 penny each in the Company are as follows:

- In terms of voting every member who is present in person or by proxy at a general meeting of the Company shall have one vote on a show of hands and one vote for every share held on a poll.
- As regards dividends, all shares in issue at the period end rank *pari passu* for dividends. Shareholders shall be entitled to receive dividends following declaration by the Company. Dividends are not payable in respect of the 615,864 (2013: 1,609,852) nil paid shares held by the Trustees of the Brewin Dolphin Holdings PLC Employee Share Ownership Trust (the 'Trust').
- Employees are restricted from any transfer of shares of the Company that would result in a change in beneficial holding during the period between the end of the Group's financial year-end each year and the date on which the Group announces its preliminary final results. This restriction also applies during the period between the end of the Group's financial half year and the announcement of the Group's half year results. Further restrictions may apply under the Disclosure and Transparency rules of the Financial Services Authority in respect of certain employees.
- There are no special rights for the Ordinary Shares in relation to control of the Company.

On a change of control, the following criteria will apply:

- 2004 Approved Share Option Schemes: Options can be exercised within 30 days of control being obtained. The options will lapse after six months.
- 2002 Senior Employee Matching Share Scheme: options can be exercised within six months of the takeover, after such period the options will lapse.
- Long-term Incentive Plan: Awards will vest upon change of control and can be exercised within one month of the takeover, after such period the options will lapse.
- Deferred Profit Share Plan: A replacement award could be made over shares in the acquiring Company, otherwise the shares will vest in full and can be exercised within six months of control being obtained.
- Share Incentive Plan: No Matching Shares shall be forfeited as a consequence of a change of control.
- Equity Award Plan: Awards will vest upon change of control and can be exercised within one month of the takeover, after such period the options will lapse.

All nil paid shares are held in the Trust up until they become fully paid shares. Nil paid shares were issued as part of the Senior Employee Matching Share Purchase Scheme, details of which are set out on page 60 of the Directors' Remuneration Report and also note 29. The issue of nil paid shares to the Trust does not reduce shareholders' funds as the individuals subscribe at the market value on the day of issue.

27. Merger reserve

Group

	£'000
Balance at 29 September 2013	61,380
Balance at 28 September 2014	61,380

Company

	£'000
Balance at 29 September 2013	61,665
Balance at 28 September 2014	61,665

The merger reserve is used where more than 90% of the share capital in a subsidiary is acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under Section 612 of the Companies Act 2006. £38.4 million of the Merger Reserve arose on a placing of the Company's shares and forms part of the distributable reserves.

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28. Own shares

The own shares reserve represents the matching shares purchased in the market and held by the Brewin Dolphin Share Incentive Plan and shares purchased by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust.

	£'000
Balance at 29 September 2013	12,734
Acquired in the period ¹	7,963
Own shares disposed of on exercise of options	(4,652)
Balance at 28 September 2014	16,045

¹ Included within the shares acquired during the period is a further 4,738 shares that were purchased on 6 October 2014 which represents £13,239 of the value of shares to be acquired at the end of the period.

The number of Ordinary Shares held by the Brewin Dolphin Share Incentive Plan at 28 September 2014 was 258,868 (2013: 374,287).

The number of Ordinary Shares held by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust at 28 September 2014 was 8,392,747 (2013: 8,401,931).

29. Share-based payments

Equity-settled share option schemes

The Group has a number of share incentive plans for the granting of non-transferable options to employees.

The details of the plans are as follows:

Scheme	Vesting Period	Exercisable	Expiry Date
1994 Approved Executive Share Option Scheme			
The mid market average on the 3 dealing days immediately preceding date of grant	From the fifth anniversary of the date of grant subject to the performance conditions being met	5 to 10 years from date of grant	The tenth anniversary of the date of grant
2004 Approved Share Option Scheme			
The mid market average on the 3 dealing days immediately preceding date of grant	After the third anniversary of the date of grant provided the performance condition has been met with an opportunity for retesting after one further year	5 to 10 years from date of grant	The tenth anniversary of the date of grant
2002 Senior Employee Matching Share Purchase Scheme			
The average closing mid market price on the 3 dealing days immediately preceding date of grant	Matching Option: From the fourth anniversary of the date of grant, upon the payment in full for the Purchased Shares to which the Matching Option relates and subject to satisfaction of a performance condition determined prior to the date of grant	4 to 7 years from date of grant	The seventh anniversary of the date of grant
Long-term Incentive Plan			
The mid market average on the 5 dealing days immediately preceding date of grant	After the third anniversary of the date of grant provided the performance condition has been met with an opportunity for retesting after one further year	3 to 10 years from date of grant	The tenth anniversary of the date of grant

During the period, the Board approved the implementation of a new employee share award scheme, the Long-term Incentive Plan. The Long-term Incentive Plan is a conditional arrangement under which contingent share awards can be made to selected senior management, including the Executive Directors. Details regarding the awards to the Executive Directors are set out in the Remuneration Report. The award will vest in one tranche, no earlier than three years from the grant date. Vesting will be subject to performance conditions which are set prior to each grant by the Remuneration Committee. The performance conditions will be related to the financial performance of the Group.

Notes to the Financial Statements (continued)**29. Share-based payments (continued)**

Details of the share options outstanding during the period ended 28 September 2014 are as follows:

	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Expired during the period	Outstanding at the end of the period	Exercisable at the end of the period
1994 Approved Option Scheme	129,944	–	–	(129,944)	–	–	–
Weighted Average Exercise Price	81.3p	–	–	81.3p	–	–	–
2004 Approved Option Scheme	2,661,933	–	(105,508)	(946,586)	–	1,609,839	577,090
Weighted Average Exercise Price	146.6p	–	154.6p	128.4p	–	156.7p	154.7p
2002 Senior Employee Matching Share Purchase Scheme	2,308,798	–	(301,776)	(128,912)	(729,103)	1,149,007	27,524
Weighted Average Exercise Price	149.6p	–	178.5p	108.6p	–	128.4p	108.6p
Long-term Incentive Plan	–	897,935	–	–	–	897,935	–
Weighted Average Exercise Price	–	–	–	–	–	–	–

The table above and the one following exclude all options issued prior to November 2002.

Details of the share options outstanding during the period ended 29 September 2013 were as follows:

	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Expired during the period	Outstanding at the end of the period	Exercisable at the end of the period
1994 Approved Option Scheme	200,022	–	–	(70,078)	–	129,944	129,944
Weighted Average Exercise Price	79.9p	–	–	77.4p	–	81.3p	81.3p
2004 Approved Option Scheme	3,852,094	–	(66,923)	(1,123,238)	–	2,661,933	940,586
Weighted Average Exercise Price	150.9p	–	141.5p	159.3p	–	147.6p	159.8p
2002 Senior Employee Matching Share Purchase Scheme	2,662,406	–	(188,552)	(165,056)	–	2,308,798	–
Weighted Average Exercise Price	152.0p	–	159.7p	157.8p	–	151.0p	–

The weighted average share price at the date of exercise for share options exercised during the period was 307p (2013: 219p).

The options outstanding at 29 September 2013 had a weighted average exercise price of 121p (2013: 146p), and a weighted average remaining contractual life of 0.59 years (2013: 0.47 years). During the 52 week period ended 28 September 2014 there were no options granted.

The inputs into the Black-Scholes model used for the purposes of determining fair value of options were as follows:

	1994 Approved Option Scheme	2004 Approved Option Scheme	2002 Senior Employee Matching Share Purchase Scheme	Long-term Incentive Plan
Weighted average share price	59.4p	147.0p	136.0p	328.4p
Weighted average exercise price	59.4p	146.1p	135.6p	–
Expected volatility	52%	38%	38%	27%
Expected life (yrs)	5	5	4	3
Risk free rate	4.5%	3.6%	4.6%	1.4%
Expected dividend yield	1.2%	4.2%	3.9%	4.1%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year.

Other share-based payment plans**Share Incentive Plan ('SIP')**

The Group has a Share Incentive Plan. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £125) to acquire Ordinary Shares in the Company ('Partnership Shares'). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share up to a total value of £20. All shares to date awarded under this scheme have been purchased in the market monthly; it is the intention of the Directors to continue this policy in the year to September 2015.

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Deferred Profit Share Plan ('DPSP')

The DPSP provides for eligible employees to be required or invited to defer some or all of their annual profit share entitlement into an award over Ordinary Shares (an 'Award'). Under the DPSP there is currently a mandatory deferral of 33% of any profit share in excess of £50,000 for a period of three years and additional deferral requirements for Executive Directors which are set out in the Remuneration Report. Employees can elect to voluntarily defer profit share into the plan. Awards are generally in the form of nil cost options to acquire Ordinary Shares, although at the discretion of the Committee they may also take the form of a conditional right to receive Ordinary Shares. Awards in the form of mandatory deferrals made to the employees who leave the Group at any time prior to vesting lapse unless the employee leaves as a result of good leaver provisions. It is the intention of the Board to recommend our Trustees to purchase the shares in the market for any shares awarded under this scheme in order to avoid dilution in the year to September 2015.

Equity Award Plan ('EAP')

The Equity Award Plan is a discretionary arrangement under which contingent share awards can be made to selected employees within the Group below Board level, for example to reward exceptional performance on behalf of the Group or in certain circumstances to aid key staff retention. Awards will normally vest three years after grant subject to continued service provisions. Awards will only be capable of being satisfied with existing shares sourced via the Company's employee benefit trust. No newly issued shares and/or treasury shares can be used under the EAP. Only non-Director employees are eligible for selection to participate in the plan.

The Group recognised total expenses in the period of £8,498,000 (2013: £6,135,000) related to equity-settled share-based payment transactions.

30. Operating lease arrangements

The Group recognised operating leases payments as an expense in the year as follows:

	2014		2013	
	Land and buildings £'000	Hire of equipment £'000	Land and buildings £'000	Hire of equipment £'000
Lease payments	7,474	503	8,167	753
	7,474	503	8,167	753

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014		2013	
	Land and buildings £'000	Hire of equipment £'000	Land and buildings £'000	Hire of equipment £'000
Amounts payable under operating leases:				
Within one year	5,572	198	8,380	267
In the second to fifth years inclusive	22,573	81	30,750	133
After 5 years	31,271	–	51,387	–
	59,416	279	90,517	400

The Group had significant operating lease arrangements with respect to the premises it occupies, computer hardware and office equipment including photocopiers and franking machines.

Notes to the Financial Statements (continued)**31. Contractual commitments**

Capital expenditure authorised and contracted for at 28 September 2014 but not provided in the financial statements amounted to £1,423,000 (2013: £17,473,000).

32. Provisions

	Licence provision £'000	Sundry claims and associated costs £'000	Onerous contracts £'000	Total £'000
At start of period	–	2,212	5,453	7,665
Additions	2,034	1,014	3,702	6,750
Utilisation of provision	(605)	(254)	(2,641)	(3,500)
Unwinding of discount	–	–	48	48
Unused amounts reversed during the period	–	(1,065)	(783)	(1,848)
At end of period	1,429	1,907	5,779	9,115
Provisions				
Included in current liabilities	1,429	1,907	1,637	4,973
Included in non-current liabilities	–	–	4,142	4,142
	1,429	1,907	5,779	9,115

The Group recognises a provision for sundry claims and associated costs; settlement of £nil (2013: £nil) has been made since the balance sheet date.

The licence provision of £1.4 million (2013: £nil) is in respect of future licence payments, it was created following the Board's decision to terminate the roll out of a major new stockbroking and wealth management software (note 15) into the Discretionary Wealth Management business. £0.8 million has been paid since the balance sheet date.

£5.5 million (2013: £5 million) of the onerous contracts provision is in respect of surplus office space, which the Group may not be able to sublet in the short term.

In relation to onerous lease contracts, the maximum exposure is the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts which is approximately £14.4 million as at 28 September 2014, if the assumption regarding sub-lets is removed and the time value of money is ignored.

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33. Notes to the cash flow statement

Group

	52 weeks to 28 September 2014 £'000	52 weeks to 29 September 2013 £'000
Operating profit from continuing operations	7,643	26,632
Adjustments for:		
Depreciation of property, plant and equipment	5,371	5,569
Amortisation of intangible assets – client relationships	13,592	12,520
Amortisation of intangible assets – software	2,360	3,021
Impairment of intangible assets	31,693	–
Loss on disposal of property, plant and equipment	653	591
Loss on disposal of intangible asset – purchased software	2	117
Retirement benefit obligation	(3,003)	(2,995)
Share-based payment expense	8,498	6,135
Translation adjustments	(3)	147
Interest income	1,077	1,016
Interest expense	(31)	(17)
Operating cash flows before movements in working capital	67,852	52,736
Increase in payables	39,193	44,471
Increase in receivables and trading investments	(38,253)	(30,431)
Cash generated by operating activities	68,792	66,776
Tax paid	(7,438)	(6,260)
Net cash inflow from operating activities	61,354	60,516

Company

	52 weeks to 28 September 2014 £'000	52 weeks to 29 September 2013 £'000
Operating profit	14,785	19,721
Adjustments for:		
Unwind of discount of shares to be issued	27	27
Operating cash flows before movements in working capital	14,812	19,748
Increase in payables	37	–
Decrease/(increase) in receivables	5,717	(44,239)
Net cash inflow/(outflow) from operating activities	20,566	(24,491)

Notes to the Financial Statements (continued)**34. Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The captions in 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 and in detail in the following table:

	Amounts owed by related parties		Amounts owed to related parties	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bell Lawrie White & Co. Limited	–	–	2,436	2,436
Brewin Dolphin Limited	38,905	44,544	–	–
Tilman Brewin Dolphin Limited	–	–	–	–
Stocktrade Broking Limited	–	–	4,900	4,900
	38,905	44,544	7,336	7,336

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 £15 million (2013: £20 million) from Brewin Dolphin Limited.

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

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out in the Directors' Remuneration Report on page 57.

Directors' transactions

Material contracts with Directors and loans to Directors are shown in the Directors' Remuneration Report on page 61; there are no other related party transactions with Directors.

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.

Five Year Record (unaudited)

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	2014 £'000	2013 (Restated) £'000	2012 £'000	2011 £'000	2010 £'000
Revenue	284,374	271,954	253,112	248,375	224,013
Other operating income	6,108	11,724	16,419	15,638	15,999
Total income	290,482	283,678	269,531	264,013	240,012
Staff costs	(149,476)	(148,974)	(133,242)	(126,456)	(113,817)
Other operating costs	(81,770)	(83,418)	(94,196)	(98,409)	(87,326)
Exceptional items					
Additional FSCS levy	–	(1,107)	(553)	(6,058)	(595)
Redundancy costs	(2,269)	(4,795)	(570)	(1,008)	(135)
Onerous contracts provision	(2,005)	(6,232)	–	–	–
Impairment of intangible assets	(31,693)	–	–	–	–
Settlement agreement	(2,034)	–	–	–	–
Acquisition of subsidiary	–	–	–	(228)	–
Contract renewal payments	–	–	–	–	(2,090)
Amortisation of intangible assets – client relationships	(13,592)	(12,520)	(11,871)	(10,486)	(6,349)
Operating expenses	(282,839)	(257,046)	(240,432)	(242,645)	(210,312)
Profit on ordinary activities excluding exceptional items and amortisation of intangible assets – client relationships	59,236	51,286	42,093	39,148	38,869
Intangible asset client relationship amortisation	(13,592)	(12,520)	(11,871)	(10,486)	(6,349)
One-off items listed above	(38,001)	(12,134)	(1,123)	(7,294)	(2,820)
Operating profit	7,643	26,632	29,099	21,368	29,700
Net finance income	1,003	1,768	784	494	345
Profit before tax	8,646	28,400	29,883	21,862	30,045
Tax	(1,820)	(7,257)	(8,389)	(6,884)	(9,447)
Profit attributable to equity shareholders of the parent from continuing operations	6,826	21,143	21,494	14,978	20,598
Dividend per share	8.6p	8.4p	7.15p	7.1p	7.1p
Earnings per share					
From continuing operations before amortisation of client relationships and one-off items listed above.					
Basic	17.5p	15.7p	13.2p	12.4p	12.2p
Diluted	16.5p	14.8p	12.5p	11.7p	12.0p

Appendix – Calculation of KPIs

Revenue Growth

1. **Discretionary Funds under Management ('FuM') inflows** are calculated from the Group's client database. The growth of 7% (see page 14) net inflows is derived from the total new client accounts opened, closed or transferred between services categories during the period. Net inflows of £1.4 billion over the opening Discretionary FuM value of £21.3 billion show an increase of 7%.
2. **Discretionary service yield and Managed Advisory service yield** shows the core commission and fee income over the average FuM for the period for each service type. Core Discretionary Income in 2014 of £215.9 million (2013: £192.7 million) from average Discretionary FuM of £23.0 billion (2013: £20.03 billion) results in a 94bps (2013: 96bps) yield for Discretionary service, core Advisory Managed Income in 2014 of £26.3 million (2013: £27.5 million) from average Managed Advisory FuM of £4.4 billion (2013: £4.9 billion) results in a 60bps (2013: 56bps) yield for Advisory Managed service.
3. **Revenue Growth** of 2% (2013: 5%) is the Total Income increase from £283.7 million in 2013 to £290.5 million in 2014 (see financial highlights page 2).

Improved Efficiency

4. **Adjusted PBT margin** is calculated by taking the adjusted profit before tax (adjusted for redundancy costs, additional FSCS levy, onerous contracts provision, amortisation of client relationships, impairment of intangible assets – software, licence provision and disposal of available-for-sale investment) of £60.2 million in 2014 (2013: £52.1 million) over the Total Income of £290.5 million (2013: £283.7 million) resulting in an Adjusted PBT margin of 20.7% (2013: 18.4%).
5. **Discretionary income per CF30**; the total number of registered CF30s (Investment Managers and Financial Planners) for the Group is 487 (2013: 521), total Discretionary income is stated as £215.9 million (2013: £192.7 million) showing an income per CF30 increase from £370k in 2013 to £443k in 2014.
6. **Percentage of managed FuM in Discretionary service** of 82% (2013: 76%) is calculated by using the total Discretionary managed FuM of £24.0 billion (2013: £21.3 billion) over the total managed/advised FuM for the Group of £29.4 billion (2013: £28.2 billion) (see page 14).
7. **Discretionary FuM per CF30** of £49 million (2013: £41 million) is based on the number of CF30s as per point 5 above over the total of Discretionary Managed FuM as per point 6 above.
8. **The support staff to CF30 ratio** of 2.5 to 1 (2013: 2.5 to 1) is derived by taking all other non CF30 staff totalling 1,250 (2013: 1,297) employees (excluding Stocktrade) to the 487 (2013: 521) CF30 registered staff.
9. **Average client portfolio size** is calculated by dividing the total Discretionary and Advisory Managed FuM by the number of clients.

Capital Sufficiency

10. **The capital adequacy ratio** is calculated by dividing regulatory capital resources over the assessment of regulatory capital requirements see note 24.

Dividend Growth

11. **The Group's dividend pay-out** is calculated by using the total dividend for the year over the diluted adjusted earnings per share of 16.5p (2013: 14.8p). The total dividend for the year including the proposed final dividend of 6.25p is 9.9p (2013: 8.6p) giving a 60% (2013: 58%) dividend pay-out.
12. **Adjusted earnings per share growth** rate of 11% (2013: 18%) shows the increase in diluted earnings per share from 14.8p in 2013 to 16.5p in 2014 (see financial highlights page 2).
13. **Dividend growth**, the total dividend paid by the Group in 2014 is 9.9p (2013: 8.6p), a growth rate of 15% (2013: 20%).

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Glossary

Anti-Money Laundering ('AML')

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of criminal activities. AML is a set of procedures, laws and regulations designed to stop this practice.

Advisory Managed Service

Where the Investment Manager provides advice on both the structure and individual investments within the portfolio but clients make their own investment decisions. This service is no longer offered to new clients except 'offshore' clients via our Jersey office or Irish subsidiary Tilman Brewin Dolphin.

Audit and Assurance Faculty ('AAF')

This is a report by the Directors of Brewin Dolphin Limited on the internal controls of the custodial operations provided by its nominee companies which is made available to third parties.

Code Staff or Remuneration Code Staff

A category of staff including senior management, risk takers, staff engaged in control functions and certain other employees whose professional activities have a material impact on the firm's risk profile, in accordance with the FCA Remuneration Code.

Controlled Function 30 ('CF30')

An FCA approved customer function dealing in, advising on or managing investments on behalf of clients.

Discretionary Investment Management

Where a client outsources the day to day management of their portfolio to an Investment Manager. The Investment Manager will take care of everything associated with the running the client portfolio, including deciding the appropriate blend of assets, monitoring risk and dealing and administration.

Execution Only

Where a client makes their own investment decisions and seeks no advice from the Company.

Financial Conduct Authority ('FCA')

The FCA is the body which regulates the financial services industry in the UK.

Financial Ombudsman Service ('FOS')

An independent service in the UK for settling disputes between businesses providing financial services and their customers.

Financial Planning ('FP')

FP is the process of assisting a client to meet their distinct set of financial goals and concerns, for example finding a tax-efficient way to invest a lump sum or setting up a retirement plan.

Funds under Management ('FuM')

The total assets where the day to day management is undertaken by Investment Managers within the Group.

Internal Capital Adequacy Assessment Process ('ICAAP')

ICAAP is a process by which firms assess the level of capital that adequately supports all relevant current and future risks in their business.

Know Your Client ('KYC')

An understanding of the personal and financial circumstances of an individual client.

Retail Distribution Review ('RDR')

The RDR was set out with the aim to improve clarity for people who are looking to invest, raise the professional standards of advisers and reduce the conflict of interest which is found in remuneration for adviser services.

UK Corporate Governance Code (the 'Code')

The Code sets out standards of good practice in relation to Board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Whistleblowing

The process which sets out how employees can report suspicious wrongdoing at work.

Shareholder Information

Investor information

Visit our website, www.brewin.co.uk for investor information and Company news. In addition to accessing financial data, you can view and download Annual and Half Year Reports, analyst presentations and access the best of our research and investment views, plus lifestyle news and interviews.

You can also subscribe to an email news alert service to automatically receive an email when significant announcements are made.

Shareholding information

Please contact our registrars, Equiniti, directly for all enquiries about your shareholding. Visit their Investor Centre website www.shareview.co.uk for online information about your shareholding (you will need your shareholder reference number which can be found on your share certificate or dividend tax voucher), or telephone the registrars direct: 0871 384 2030 or + 44 (0) 121 415 7047.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. The advantages to using this service are: the payment is more secure than sending a cheque through the post; it avoids the inconvenience of paying in a cheque and there is no risk of lost, stolen or out-of-date cheques. A mandate form can be obtained from Equiniti or you will find one on the reverse of the tax voucher of your last dividend payment.

Electronic communications

Shareholders have previously passed a resolution enabling Brewin to take advantage of provisions in the Companies Act 2006 that allow us to supply documents such as the Annual Report and Accounts to our shareholders via our website www.brewin.co.uk. This helps to reduce the cost and environmental impact of producing and distributing printed documents. Shareholders that wish to continue to receive shareholder documents in hard copy can request this by writing to the registrar, Equiniti.

All shareholder communications, including the Company's Annual Report and Accounts, are made available to shareholders on the Brewin website and you may opt to receive email notification that documents and information are available to view and download. If you would like to sign up for this service, visit Equiniti's website. You may change the way you receive communications at any time by contacting Equiniti.

Annual General Meeting

The 2015 Annual General Meeting of Brewin Dolphin will be held at The Lincoln Centre, Lincoln's Inn Fields, London WC2A 3ED on Friday 20 February 2015 at 11.30 am.

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