BREWIN DOLPHIN

Agility & Resilience

Annual Report & Accounts 2020

Contents

Highlights

Total income

£361.4m

2019: £339.1m

Discretionary funds

£41.2bn

2019: £40.1bn

Adjusted[1] profit before tax

£78.2m

2019: £75.0m

Statutory profit before tax

£62.1m

2019: £62.6m

Adjusted[1] profit before tax margin

21.6%

2019: 22.1%

Statutory profit before tax margin

17.2%

2019: 18.5%

Adjusted[1] earnings per share – diluted[2]

20.4p

2019: 20.5p

Statutory earnings per share – diluted[2]

15.9p

2019: 16.6p

Dividend payout ratio

70%

2019: 80.0%

Full year dividend

14.3p

2019: 16.4p

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts and other gains and losses. See explanation of adjusted performance measures on page 29.
2. See note 12 to the Financial Statements.

Our vision

To become the UK and Ireland's leading provider of personalised wealth and investment management services, delivering a compelling client proposition, rewarding careers and sustainable shareholder returns

Is realised by

Our strategy

- Maintain a culture we are proud of
- Provide more choice for more clients
- Further develop our client-centric experience
- Build a platform for growth

Underpinned by

Our people and culture

Read more on pages 38 and 39

Our technology

Read more about how we are building a platform for growth on pages 20 and 21

Effective risk management

Read more about our Principal Risks on pages 44 to 48

Helping create long-lasting financial peace of mind

When times are uncertain, trusted advice is particularly important. Our Group has been built on serving the interests of our clients and navigating them through times of change; today, that focus remains as relevant as ever.

Our services

We provide a range of expert services to help our clients shape their financial futures, by protecting, growing and managing their money. Whether they have complex financial affairs that need bespoke wealth management, or more straightforward needs that would be better served with a non-advised self-investment platform, we can provide a service that is right for them.

Our relationships

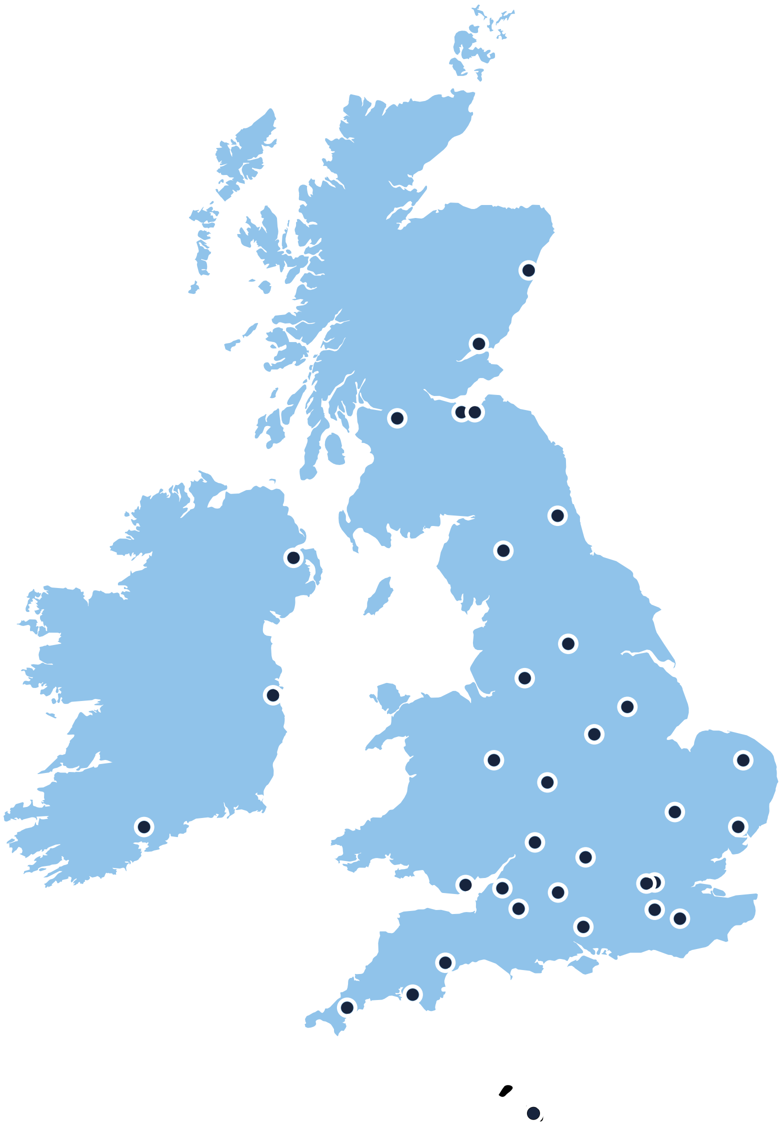
We recognise the importance of long-term relationships. We have a network of 34 offices in the United Kingdom, Ireland and Jersey, enabling us to be closer to our clients. It means we can combine the best of local understanding with national scale and perspective.

Our history

We can trace our heritage back to 1762. Originally a provider of stockbroking services, since then we have grown to become one of the leading wealth managers in the UK and Ireland. We are listed on the London Stock Exchange and are members of the FTSE 250.

Our evolution

We continue to develop our services to meet the differing needs of a broader range of people, and to identify new distribution opportunities so we can reach them. We are building from the knowledge we have gained working closely with clients over many years, to enhance our services and make them more compelling and convenient. That includes using digital technology where it augments the client experience, but not at the expense of the human relationships our business is built on.



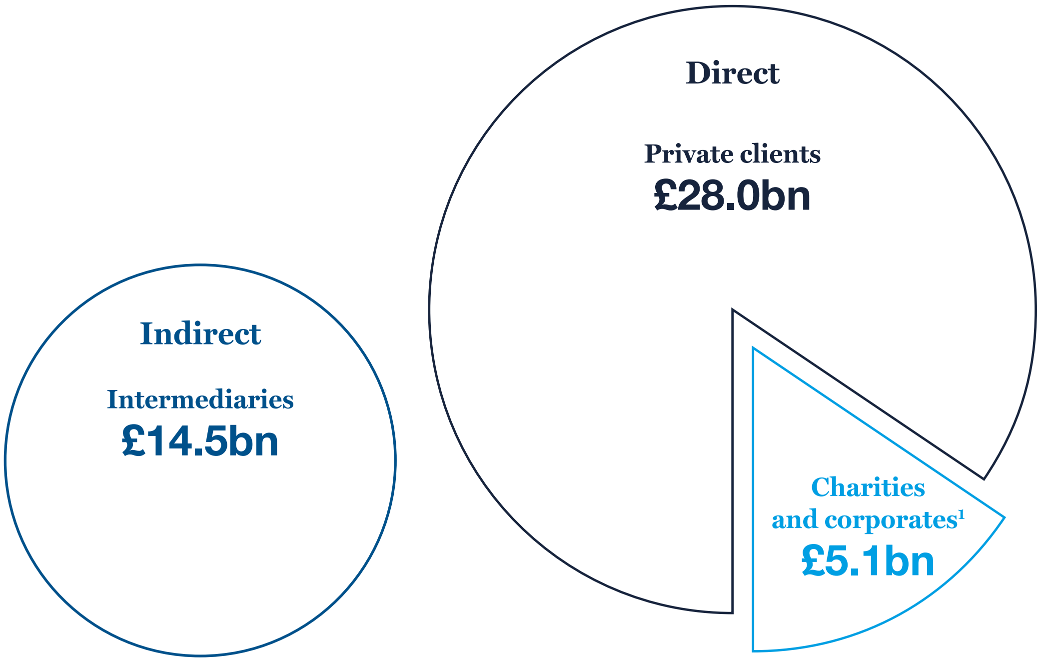
Over 250 years' experience

2,152 employees

34 offices

Our business at a glance

We hold £47.6 billion on behalf of our clients. We provide our services directly, or indirectly through an intermediary such as an IFA, enabling people to access our expertise in a way that works for them.



Services:

Managed Portfolio Service ('MPS')
Designed and managed investment portfolios

Voyager fund range
Designed and managed investment funds

Discretionary fund management ('DFM')
Bespoke investment management

Powered by
Licensed investment expertise for intermediary businesses

Services:

Brewin Portfolio Service ('BPS')
Non-advised digital investment platform

WealthPilot
A simplified financial planning and investment management service

Wealth management[2]
Bespoke financial planning and investment management

1762
Advice-led wealth management for complex needs

Other
Expert witness report service
Advisory
Execution only[3]

1. Investment management.
2. Each service available separately.
3. Only provided for existing clients and Brewin Dolphin Wealth Management Limited clients.

Agility & Resilience

Strategic Report

“Brewin Dolphin delivered a resilient set of results this year, despite the challenges the COVID-19 pandemic imposed on its business.”

Simon Miller
Chairman

Agility & Resilience: Strong values in difficult times

Simon Miller
Chairman

Dear Shareholder

Brewin Dolphin delivered a resilient set of results this year, despite the challenges the COVID-19 pandemic imposed on its business. The Group responded with speed and professionalism, prioritising the health and safety of its employees and clients.

A strong client-centric culture has been the driving force behind the Group's resilience and flexibility. We were able to move to a remote operating model within days. Immediate attention was given to clients as financial advice was required more than ever.

Performance

Total funds grew to £47.6 billion. Discretionary funds increased to £41.2 billion, with funds from acquisitions and positive net flows offset by negative investment performance in challenging markets. Strong total discretionary funds inflows were £2.8 billion (2019: £2.8 billion) with net flows of £0.9 billion representing an annualised growth rate of 2.2%. The Financial Review contains further information about this year's performance on pages 28 to 33.

Dividend

The Board recognises the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns.

The Group has an established dividend policy to grow dividends in line with adjusted earnings, with a target payout ratio of between 60% to 80% of annual adjusted diluted earnings per share (see page 29 for an explanation of adjusted measures). The payout range has been adopted to provide sufficient flexibility for the Board to remunerate shareholders for their investment whilst recognising that there may be a requirement, at times, to retain capital within the Group.

The Board has taken a balanced view on rewarding shareholders in what has been a strong performance by the Group in the year, against a challenging backdrop. The Board recognises that it needs to invest in the business for the future to remain relevant for its clients in a fast changing world, but also needs to remain prudent as we envisage some continuous headwinds into next year. As a result, the Board is proposing a final dividend of 9.9p per share bringing the total for 2020 to 14.3p per share (2019 final: 12.0p per share; total dividend for the 2019 year 16.4p per share). This represents a payout ratio of 70% of adjusted diluted earnings per share and is in line with our dividend policy.

Values-based decision making

A unique culture lies at the heart of the Brewin Dolphin business. It influences how we behave, the way people are treated, decisions are made and how we plan for the future. It guides the way we deal with our clients, our shareholders, our suppliers and the communities in which we live and work. It encourages openness, fairness, integrity and care.

Our actions were reflected in the results of the annual "Your Future, Your Say" employee survey, increasing our engagement score to 90%, up from 87% last year. Our score is 13 points above the financial services benchmark. I am particularly proud that 89% of respondees say senior leaders provide a clear vision of the overall direction of Brewin Dolphin, 25 points above the financial services benchmark.

The Board initiated an Environmental, Social and Governance ('ESG') review at the start of the year to address how the business responds to ESG related matters at the corporate level and what responsible investments we can offer clients. The formation of a Sustainability team this year will improve our focus and initiatives in this area. (Refer to the ESG section on page 34 for further information)

The close connection between Brewin Dolphin and the communities in which it operates is an important demonstration of how the business approaches its wider responsibilities. This year in particular has seen a notable increase in the level of activity undertaken across a range of community-focused areas. Further information on our volunteering, fundraising and payroll giving can be found on page 40 in the Corporate Social Responsibility section.

Leadership succession

David Nicol stepped down as Chief Executive on 14 June 2020 after seven years leading the business and remained with the Group for a transitionary period until 29 July 2020. He was an outstanding leader and a key contributor to Brewin Dolphin's success. He demonstrated great professionalism, re-focused the Group's strategy, improved the operational processes of the organisation and built a strong leadership team.

Robin Beer stepped into the Chief Executive Officer role on 15 June 2020, having joined Brewin in 2008 and the Executive Committee in 2016. He is the ideal person to continue the execution of our strategy, whilst sustaining and nurturing our well-established client-focused approach.

Board composition

During the year Phillip Monks was appointed to the Board as a Non-Executive Director. He is currently the Chief Executive Officer of Aldermore Group PLC. His banking career spans more than three decades. Kath Cates has indicated that she will step down at the AGM. She has made a huge contribution to the

> “A strong client-centric culture has been the driving force behind the Group’s resilience and flexibility.”
>
> **Simon Miller**
> Chairman

Group both as a Non-Executive Director and as Chairman of the Risk Committee. Simonetta Rigo resigned on 13 November 2020 in order to take up an executive role. Charlie Ferry, who is Managing Director of Wealth and Investment, will join the Board after the AGM in 2021, subject to regulatory approval.

After almost 15 years on the Board, with the last eight years as Chairman, it is the right time for me to retire. The Board initiated a process during the calendar year 2020 for the appointment of a successor led by Ian Dewar, Senior Independent Non-Executive Director. The search was successful and I am pleased to announce the appointment of Toby Strauss, who, subject to his election at our 2021 AGM, will succeed me as Chairman of the Board with effect from close of business on 5 February 2021. Toby brings a wealth of experience from an extensive executive career in the UK financial services sector.

I am honoured to have fulfilled the role of Chairman for the last eight years and am proud of the Board, the Executive Committee and each and everyone who works for Brewin Dolphin. Brewin Dolphin is a strong and forward-looking Group with a vibrant culture and I am confident that its growing success will continue and gather pace.

Looking forward to 2021

The market has been dominated by several external events, the UK general election in December 2019 combined with Brexit and the impact of the COVID-19 pandemic. This has contributed to significant market volatility and economic uncertainty. The FTSE 100 index rose to 6,815 in early March and by the end of that month had fallen to 4,994, a movement of 27%.

The events have also driven unprecedented volatility, measured by the VIX index, which at its peak was 82.7, a level not seen since the global financial crisis of 2008. There continues to be further economic uncertainty as we enter a second lockdown which will weigh on economic recovery.

The Group’s results are impacted by the retention and flow of funds, which is a function of the consistency and quality of our offering. Demand for quality services in our industry remains high and the need for advice continues to increase. Our business is well placed to take market share and support clients through this changing landscape. Client satisfaction levels remain high and you will see from the results that we continue to retain and attract new business.

Annual General Meeting (AGM)

This year’s AGM will be held on 5 February 2021, it will be broadcast via a webinar and we encourage shareholders to watch and listen to the proceedings. We endeavour to maintain a regular dialogue with our shareholders, large and small, and your views are always most welcome. Further details can be found in the Notice of AGM.

Simon Miller
Chairman

24 November 2020

COVID-19 response

The COVID-19 pandemic highlighted what is already a unique culture at Brewin Dolphin and all decisions made during the crisis were values-based. We have supported our people throughout the crisis placing no one on furlough nor utilising the Government support scheme.

Employees were kept up-to-date via various communication channels, and our human resources team worked hard to roll out various initiatives to support colleagues with their personal and financial wellbeing and change of working environment. These included:

Employment:

- No employees have been furloughed or made redundant as a result of COVID-19.
- We have made an emergency interest-free loan available to lower paid employees.
- Enhanced flexibility for employees who need to care for dependents including additional paid time off.

Morale, wellbeing and connection:

- A full programme of wellbeing and morale communications was produced. Subjects included exercise, stress management, working from home, educating and entertaining children, and staying connected.
- Sick leave entitlement has been doubled for those with under a year’s service.

Support for learning:

- We continued our wide range of learning and development, moving it into ‘virtual classrooms’.
- Specialist learning materials created to cover areas such as how to serve clients during the crisis.

Communities:

- Volunteering days temporarily increased to five days per year.
- Donations to the National Emergencies Trust and the Community Foundation to Ireland.
- Launch of the ‘Brewin Dolphin Community Relief Fund’: £25,000 made available for employees to apply for £250 donations for small local charities in their communities responding to the COVID-19 crisis.

Read more on pages 66-67

Karin Huebner
London

Agility & Resilience:

Delivering critical projects during lockdown

The incorporation of any acquisition into a business is always complicated. The integration of our largest acquisition to date, Investec's wealth management business in Ireland, was well underway when the pandemic hit. Karin Huebner led the project.

To Dublin

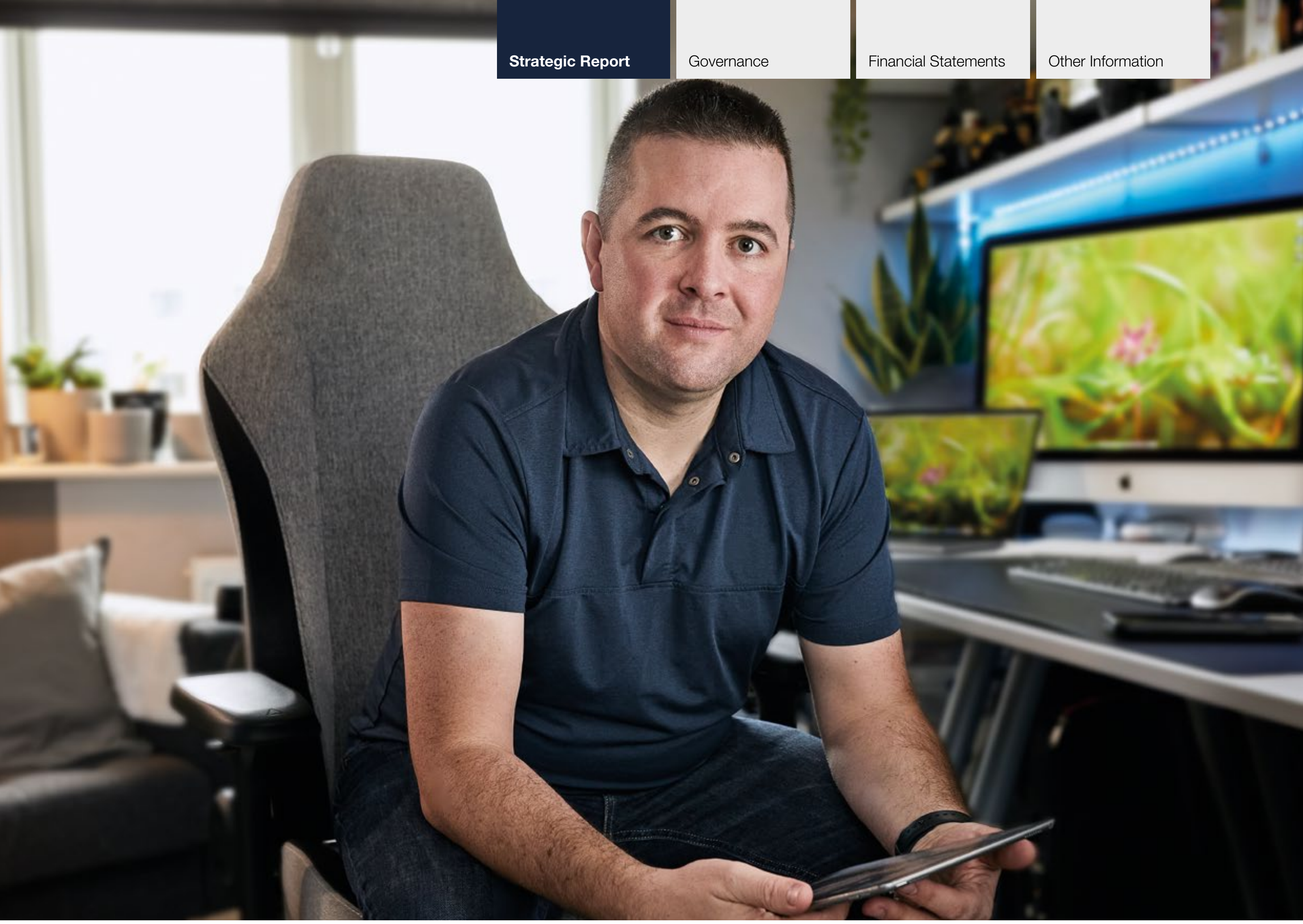
The acquisition was announced in May 2019, and contracts were agreed in October 2019. From that point the race was on to bring together the new clients and team from Investec Wealth with our existing Brewin Dolphin Ireland business.

This was no small task. From integrating client data and transferring their assets to our systems, to designing the people structure and defining the target operating model.

It was a project that touched every part of Brewin Dolphin – from HR to Marketing and Finance to Technology, as well as client-facing teams. I moved to Dublin for 10 months. It was a great experience and helped build really strong relationships with the teams there.

With one month to go before go-live, lockdown hit – I left Dublin, thinking I would be back in three weeks. I still haven't returned. Nonetheless, we were able to adapt to working remotely to complete the systems integration and to design training approaches that would work remotely.

And then, one Saturday night, it was done. It wasn't quite the same as if we had all been together, but we are all very proud of what we have achieved for our clients.



Chris Powell
London

Agility & Resilience:

Enabling our people to work remotely and effectively

Thanks to the Group's work modernising our technology in previous years, we were able to switch to a remote working model overnight when lockdown was introduced, with only a few key functions needing to be performed in the office. Chris Powell leads the end user technology team, who helped all our colleagues adapt.

Staying online

My team is responsible for the technology equipment our people use on a day-to-day basis. Everybody in the business has a laptop and the technology to communicate and collaborate from anywhere. Having made the investment to modernise our technology over the past few years, it was a great relief to see everything working so well at a time when it really needed to. In the past, we have had an average of 200 users working remotely each day; during lockdown we had 10 times that.

We saw some interesting things too. People tended to be logged on to the system for longer each day, starting a bit earlier or finishing a bit later. You could really see the need for that extra flexibility, with increased need for home schooling or other caring needs.

We very quickly adjusted our technology operations to both optimise our infrastructure to cater for everyone working remotely, but also to accommodate the increase in contact to our IT support. This was mainly handling how-to queries, and we very quickly saw this drop back to normal volumes.

Market review

Societal and economic factors

Societal and economic trends continue to drive demand for financial advice. The Government's long-term social policies continue to place less emphasis on state provision, and employers continue to withdraw from final salary pension schemes, making people more self-reliant in planning for their long-term needs. Coupled with this, longer life-expectancy means that lifetime savings are required to last longer, thus increasing the need for robust savings and investment plans. And at the same time, whilst younger generations are impacted by rising living costs, the demand for well-planned inter-generational wealth transfer is becoming increasingly important.

Another critical factor driving demand for financial advice remains ongoing geopolitical uncertainty. The impact of the ongoing global pandemic as well as political events such as Brexit, continues to drive increased volatility in global markets, whilst more than a decade of low interest rates has created challenges for people seeking a low-risk means of maintaining and growing their capital. All these factors are increasing the need for individuals to have access to sound financial advice.

Our response

Greater self-reliance has created the opportunity for Brewin Dolphin to help growing numbers of individuals via our advice-led, long-term relationship and needs-based propositions. We design tailored solutions based on in-depth knowledge and understanding of individual client needs. To help a growing number of individuals, we have developed new advice-focused propositions to cater for differing needs across society. Our 1762 proposition provides advice to those clients with the most complex financial planning needs, whilst our newly-launched WealthPilot proposition offers a hybrid of digital and human interaction to provide advice to those clients who have more simple financial planning needs, and traditionally might not have been able to access expert financial advice.

Technological innovation

Across many industries, we are seeing the introduction of new technologies to deliver operational efficiencies, drive scalability and ultimately improve experiences for consumers. The ever-increasing popularity and convenience of leading online businesses is in turn heightening the expectations of consumers within the wealth management industry. Many now expect easy, omni-channel access to their portfolios and to advice and support. Increased digital interaction because of COVID-19 has further enforced these expectations and requirements.

However, in addition to the need for technological innovation, we also believe that demand for human advice will continue to grow, and future success will rest upon an advice-focused, relationship-led, but digitally-enabled business model that combines the best of human with the best of digital.

Our response

We have launched our new client management system this year and we expect our new core custody and settlement system to be delivered in 2021. Both will provide operational efficiencies and rejuvenate our core technology, as well as providing better tools for our people. These are key components of the strategic investment that the Group continues to make in developing its services and client proposition.

The next phase of this investment is to build on this strong technology foundation, by ensuring that we continue to innovate at pace for the benefit of our clients. We have delivered a new front-end to our BPS service offering, which has dramatically improved user experience, and have launched our digital hybrid financial advice offering, WealthPilot. Furthermore, our focus also remains on the continuous improvement of our digital client experience including making more of our services accessible via multiple devices. These initiatives will help us to provide greater choice to our clients as to how and when they wish to engage with us, and with their own savings and investments.

Increasing demand for alternatives & ESG solutions

Consumer demand for ESG and responsible investing solutions has continued to increase both globally and in the UK over the past few years, and this trend is now becoming mainstream. A survey by the Investment Association reported that 38% of total UK assets under management are integrating ESG factors into their investment selection process (up from 26% in the previous year). In addition to this, the same report also highlights that one of the stand-out trends in client assets and asset allocation over the last decade has been a shift beyond mainstream asset classes, represented partly by greater allocations to alternatives.

Our response

2020 has seen us launch a Group-wide review of our approach to ESG which has to date resulted in the creation of a formal internal Sustainability Forum and ESG Investment Forum within the organisation. We have introduced a new in-house Sustainability team as well as hiring an experienced new Head of Sustainability to help drive our ESG agenda. We have subsequently appointed BMO as a responsible engagement partner, who will engage with some of our clients largest holdings on ESG issues.

At the same time, in line with the shift beyond mainstream asset classes, we have also formed a strategic partnership with Kepler Partners to launch an Absolute Return themed investment solution.

Fragmented market and consolidation

The need to comply with increasing regulation, such as SMCR and MIFID II, means wealth management and Independent Financial Adviser (IFA) firms face significant cost and resource challenges in areas including information technology, compliance and operations. Increasing regulatory demands and the increased costs associated with this means many IFAs are looking to outsource investment management or are unable to continue operating whilst delivering attractive shareholder returns which in turn will mean the number of advisers will decline over the medium term as they retire and/or sell their businesses.

Our response

Brewin Dolphin has the scale needed to absorb the cost of investment and to allocate resources appropriately, as well as the expertise to adapt efficiently to new regulation. Our scale allows us to act as a market consolidator where opportunities fit our culture and add accretive shareholder returns. This coupled with our advice-focused strategy means we are well placed to provide high quality financial advice in a market which is seeing increased demand but a fall in supply, whilst providing IFAs with high quality investment management solutions to allow them to spend their time on advising their clients.

Top 12 managers by assets under management[1]

	Funds
St. James's Place Wealth Management	£117.0bn
Barclays	£59.2bn
Cazenove Capital	£45.7bn
Tilney Smith & Williamson[2]	£45.3bn
UBS Wealth Management	£45.0bn
Brewin Dolphin Total FUM FY 2020 £47.6bn	**£43.8bn**
Rathbone Brothers Plc.[3]	£43.0bn
Investec Wealth & Investment	£38.8bn
Canaccord Genuity Wealth Management	£28.1bn
JP Morgan Private Bank[4]	£27.2bn
Citi Private Bank[4]	£25.3bn
Quilter Cheviot	£24.2bn

1. Source: 2020 PAM directory (September).
2. Tilney and Smith & Williamson combined (effective 1 September 2020).
3. Discretionary figures for Rathbone Investment Management only and do not include the unit trust funds managed by Rathbone Unit Trust Management.
4. Estimate.

Designed for long-term growth

Our client and people-centric culture defines who we are as a business. Together with our investment in our technology and digital capabilities allows us to be flexible and agile across our business model and ensures long-term sustainability.

Our value creation

Our resources

Our people, brand and culture differentiate us and our values-based culture drives our decision making. Creating a strong technology infrastructure will allow us to be operationally flexible. All of these, including a strong balance sheet, ensure long-term sustainability.

What we deliver

Strong client relationships and advice-led wealth investment solutions are core to our strategy. We have broadened our propositions to capture the spectrum of wealth in our target markets.

Our People

The strength of our service relies on our people's expertise, both client facing colleagues and those who provide support to them.

Strong Brand

Our brand has been around since 1762 and is trusted and respected. 95% of clients say they would recommend us to a friend[1].

Our Culture

Our strong client and employee-centric culture has been the driving force behind the Group's resilient performance over the last few years.

Local Expertise

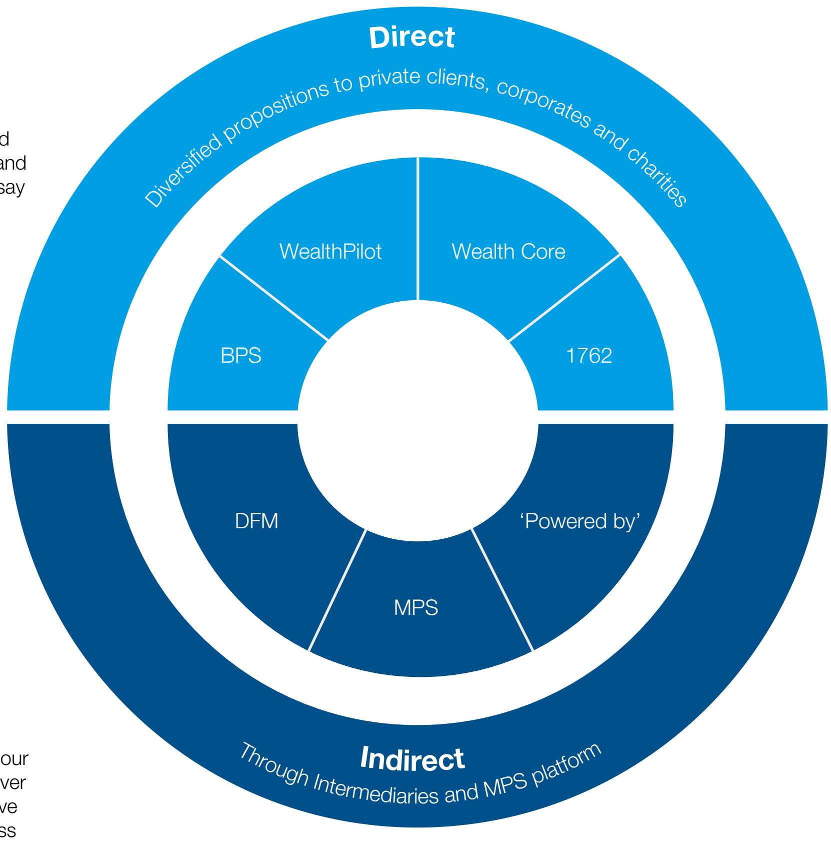
We have 34 offices across UK and Ireland, allowing us to engage in local communities as well as supporting them through our Corporate Social Responsibility initiatives.

Financial Strength

In order to comply with regulatory requirements, we have a high retained capital threshold. A strong balance sheet enables us to be flexible and supports sustainability through challenging macro and market environments.

Technology

We have been investing in our technology infrastructure over the last few years to improve our operational effectiveness and ensure we can scale our digital capabilities to remain relevant to our clients.



1. Results from a survey on MyBrewin between 27 April 2020 to 1 May 2020.

Allows us to reinvest in our key assets and drive shareholder returns

What differentiates us

Our local presence and broad range of propositions allows us to provide a diverse range of services for clients throughout their financial wealth journey.

Consideration for all our stakeholders

We consider all stakeholders when formulating the Group's strategy and business model. Turn to the next page for more information on how we engaged with our stakeholders this year.

Diversified distribution model, supporting direct and indirect clients

- Local offices across UK and Ireland.
- One of the strongest intermediaries franchises with >1,700 IFA relationships.

Broad range of advice-led propositions

- Integrated financial planning services.
- A suite of innovative propositions to cover a broad range of clients' needs.

Continued investment in digital capabilities enhances client user experiences

- Enhancing our digital platforms and capabilities enables us to remain relevant.
- We are creating operational efficiencies and better user experiences, improving the end-to-end journey for clients and our people.

Robust risk management

- Continued investment in our technology infrastructure has resulted in systems agility and resilience and enables future growth.

We are a responsible business and invest in our local communities

- Being a responsible business is in our DNA. We invest a lot of time and money into the local communities in which we operate.
- Our established stewardship framework aims to promote long-term success of companies ensuring our clients' interests as holders of securities are protected.
- We are integrating ESG into our responsible investment offer for clients.

Clients

Employees

Suppliers

Shareholders

Regulators

Society

Engaging with our stakeholders

The Directors have acted in the way that they believe promotes the success of the Company for the benefit of its stakeholders as a whole and maintaining a reputation for high standards of business conduct. In carrying out this duty, the Directors have had regard for the matters set out in section 172(1)(a-f) of the Companies Act 2016 in the decisions taken during the year ended 30 September 2020. This is demonstrated below.

Stakeholders		Why we engage
Clients	**Our clients' financial wellbeing is at the heart of our business. We know that a close relationship between our clients and employees is key to ensuring that their financial needs are met.**	Understanding our clients is fundamental to the success of our business. Regular engagement ensures that the business continues to operate with a 'client first' attitude, that responds to their needs. We see client satisfaction as an important aspect of our Group performance overall. It enables us to identify any changes required to our services and to deliver improvements.
Employees	**Our strength is in the service provided by our people, and we have a strong culture. We have a passion for developing our teams.**	Maintaining an engaged and motivated workforce enables us to continue to deliver a high level of service to our clients. We are a people business, and our Genuine, Expert and Ambitious values are an important part of who we are. In order to recruit the best talent and be a 'favoured employer' in the wealth management sector, we need to understand what is important to current and prospective colleagues.
Shareholders	**As a FTSE 250 listed company it is important to provide our shareholders with reliable, timely and transparent information.**	Our shareholders are constantly evaluating their portfolios and considering their exposure in our stock. In order to maintain a loyal shareholder base, it is important that we keep them well informed. We provide them with information to ensure their understanding of the business is up to date and enable them to make informed decisions.
Suppliers	**We run a significant business from more than 30 locations in the UK and Ireland, which is dependent upon our relationships with our suppliers.**	Our suppliers provide a range of services, which the smooth functioning of our business depends upon. Regular engagement ensures that we can maintain good relationships, and that the business, and its clients, are not exposed to unnecessary risks.
Regulators	**We are keen to engage pro-actively with our regulators in an open and co-operative way to build and develop a positive and mutually beneficial relationship.**	Having a positive dialogue with our regulators means we can help them to understand our business model and strategy, our culture and our focus for doing the right thing for our clients. We aim to achieve a transparent relationship with our regulators, as well as providing an insight into any challenges we may face.
Society	**We have a responsibility to play our part in our communities and society. Through our stewardship responsibilities we seek to influence companies to create a sustainable future.**	Considering the impact of our actions as a business on the wider interests of society is an important part of being a responsible business. As investors, our decisions can have a wider impact and we take our stewardship responsibilities seriously. We see ourselves as part of the communities in which we live and work, and seek to actively contribute, and actively engaging with them is an important part of who we are.

Read more on pages 64 and 65 in the Corporate Governance section where we explain how the Board's decision making considered different stakeholders

How we engage

We conduct an annual client satisfaction survey that provides feedback on the services we provide. We also ask regular, one-off questions to clients through our MyBrewin platform. The responses to both of these are used to shape our decisions. Advisers across the business meet with their clients regularly and provide feedback.	Our relationships with representative trade bodies, and membership of their committees, keeps us informed of current thinking across the sector. This year in response to the pandemic, we increased our communication levels with our clients to keep them informed of developments in the markets and in our business.
We conduct an annual employee engagement survey to help us to understand how our employees feel about working here, and how the experience can be improved. We have a network of more than 60 Engagement Partners, who work to keep their teams and offices engaged.	This year, we introduced a wide range of wellbeing support resources for our people when remote working was introduced. We also expanded our approach to flexible working. We have continued to be active around Diversity and Inclusion, and to hold regular events such as 'Women@Brewin'. See pages 38, 62 and 63 for more detail.
The Chairman, Chief Executive Officer and Chief Financial Officer engage with shareholders throughout our reporting cycles, and during the course of the year at conferences, fireside chats and via sales teams. The Chair of the Remuneration Committee also engages with the Group's major shareholders. At the Company's AGM shareholders are given the opportunity to meet and ask the Directors questions.	This year, with a new Chief Executive Officer starting in June, we have increased the frequency of our engagement with our shareholders. This has included a roadshow to Scandinavia, Germany and Switzerland for the first time. The Chairman consulted with some of our major shareholders before we announced our dividend at the half and full year results.
All suppliers are assessed prior to onboarding. All vendors receive risk assessments and appropriate due diligence at pre-determined and appropriate intervals thereafter for the entire lifecycle of the relationship as required by regulation. This includes multiple checks, risk assessments, due diligence and development of contingency-based exit plans as appropriate which are reviewed on an ongoing basis as circumstances dictate.	This year, we engaged more often than usual with our most critical suppliers during lockdown, to ensure that we understood any pressures they might be experiencing and which might lead to changes in the associated risk for the business.
The Chairman, Chief Executive Officer and senior management have regular meetings with our regulators throughout the year to understand how we are meeting the key regulatory challenges. These meetings are supported by information that we provide regularly and/or by request.	With a dedicated supervisory FCA team, we have an open line to the regulator for pro-active dialogue. This year we have been in regular contact with our regulators to discuss how we met the various challenges presented by COVID-19 and supported our clients during this extraordinary time.
We support colleagues to contribute to causes that matter to them in a number of ways, by donating their time or their money. We engage with our trade associations around issues such as sustainable investing, and are signatories of the UN Principles for Responsible Investment. All of these considerations affect the decisions that we make.	This year, we increased the time available for our employees to volunteer for local causes to five days to provide support during the pandemic. We have been signatories in support of the BSI standard on microplastics, and of the British Retail Consortium letter to government calling for the licensing of garment factories.

Tim Walker and Vicky Eastwood
Exeter

Agility & Resilience:

Continuing to look after our clients

Staying in touch with our clients and providing ongoing reassurance was a focus for teams across the country. Tim Walker is Head of Office and Vicky Eastwood is an Investment Manager in our Exeter office.

Putting clients first

Vicky: Initially adapting to lockdown was actually quite easy for me, as I work flexibly normally so I am used to working remotely and adapting my working day where required. From a client's perspective of course, lockdown was a nervous time as it did have an impact on the markets. We were focused on providing a smooth, undisrupted service. We put a lot of time into personal conversations, and I noticed they tended to get longer and more frequent. One of my clients isn't online, so we would write letters to each other to keep up to date. In principle, that isn't any different to what we do normally although the circumstances were unusual; it's all part of the individual relationship.

Tim: Exeter was one of the first offices to reopen after the first wave of the pandemic, and that was something we took very seriously. We knew some of our people wanted to come back in to see colleagues, but we also knew it was an important sign for some of our clients that we were adapting to the new circumstances.

Samantha Gallon
Newcastle

Agility & Resilience:

Supporting our clients by adapting our processes

When lockdown was introduced, a small number of people continued working in the Newcastle and Edinburgh offices to carry out essential business processes. At the time, Samantha Gallon was leading the Asset Services team.

Business critical

At the beginning of lockdown, we knew that there were some processes that could readily be adapted, so that they could be carried out remotely and we could reduce the number of people we had in the offices as quickly as possible. Initially there was a huge amount to do in a very short space of time.

There were some things that couldn't be done from home – receiving cheques, share certificates, passing original documentation on to providers, and with only a small number of us still onsite it was all hands on deck. My day was very different to normal – very hands-on, opening the post, scanning incoming mail and redirecting it to colleagues across the Company who were working remotely.

Throughout lockdown we continued to come into the office. It was very quiet – almost eerie. The team spirit we had and the feedback we received from the rest of the business were really fantastic. We had lots of personal messages from people right across the business, top to bottom.

Agility & Resilience: Our strength is our people

Our response to the COVID-19 pandemic

While COVID-19 has had a huge impact on the economy and society, it has brought out the very best of our business. I am very proud of the way our people have responded to the challenges brought by the pandemic. We shifted overnight to a remote working model whilst continuing to provide reassurance to our clients during the significant market falls in March this year. I am grateful for all their efforts. As a leadership team we have made decisions based on our values, and it is at times like this that you realise how important it is to have the right values. We have supported our people throughout the crisis, placing no one on furlough nor utilising Government support schemes. We have continued to support our communities, making charitable donations and increasing the number of days our people can spend volunteering. Individual office teams have embraced the spirit of the times with a series of local charity fundraising initiatives. Read more about this in our People and Culture section on page 38.

> "Our aim is to help people build financially sustainable futures whilst achieving peace of mind."

Robin Beer
Chief Executive Officer

A new role

I was very excited to become CEO, however these were of course not the circumstances I had envisaged to take over from David Nicol. However, my familiarity with the business and the six month transition period made the handover very smooth. I want to thank David for everything he has done for this Group. We have a unique client-centric culture, and this gives us a strong foundation on which to build our business.

Our performance

Notwithstanding the challenges we as a business faced with COVID-19, we achieved a solid set of results. We have delivered strong total discretionary fund inflows of £2.8bn, were consistent with last year. Total discretionary net flows of £0.9bn (2019: £1.4bn), representing an annualised growth rate of 2.2%. We met our target to grow new discretionary funds organically by a third over five years to the end of FY 2020.

The recent acquisitions and the positive net flows have contributed to our growth, with total funds increasing to £47.6bn (2019: £45.0bn) and total income up 6.6% to £361.4m (2019: £339.1m). As we focus on becoming an advice-led business, our financial planning income grew by 20.4% to £33.1m (2019: £27.5m).

Adjusted profit before tax (see page 29 for an explanation of adjusted measures) was £78.2m, up 4.3%, reflecting the contribution from our acquisitions and the cost savings we made in the second half of the year of £9.0m. Statutory profit before tax was £62.1m, down 0.8%, reflecting an increase in the amortisation of client relationships.

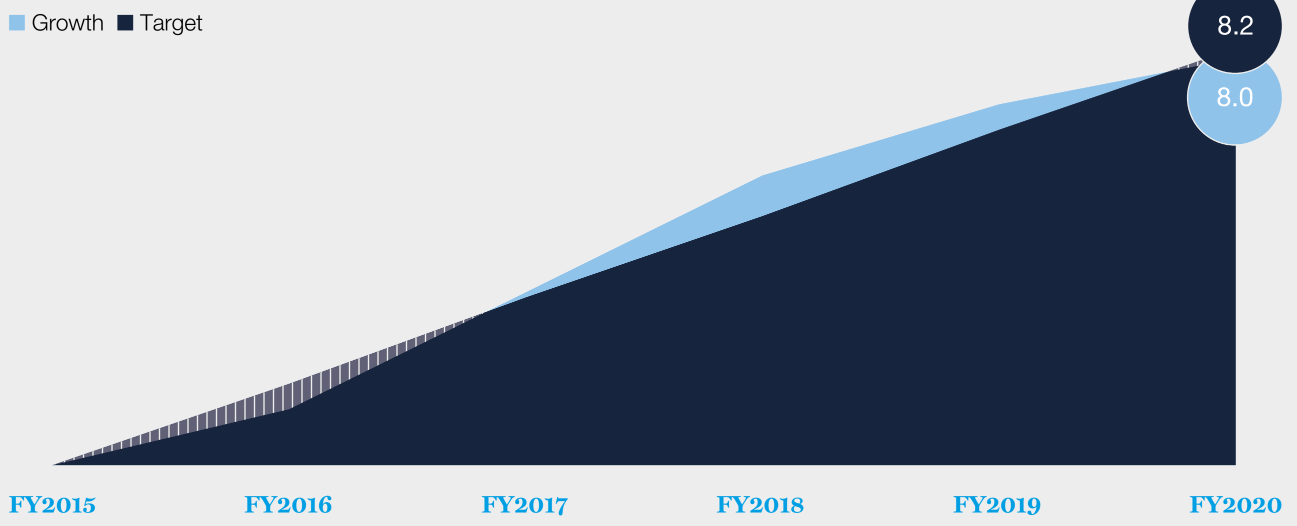
Driving a sustainable agenda

As a business we have always had a deep sense of doing what is right for our clients, and right for our communities. It is an important part of who we are and what we do.

Our aim is to help people build financially sustainable futures whilst achieving peace of mind. Throughout the pandemic it has been particularly important to be there for our clients when they have needed reassurance and advice.

This year we have taken steps to formalise and structure a Sustainability team and create a Sustainability Committee and framework. We have appointed a Head of Sustainability who will develop and drive corporate and client ESG initiatives. The Sustainability framework will build on what we have already achieved across the business, through our values-based culture, Board and leadership team, and rigorous risk management systems already in place. The initial focus will be on our responsible investment offerings, enhancing our existing approach and launching new solutions.

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



Delivering our strategy

Having been a member of the Executive Committee for the last four years helping shape our strategy, as CEO I am pleased to report that we have continued to deliver against our four strategic pillars:

1. Provide more choice for more clients

We have continued to strengthen and broaden our investment solutions across our client base. We have developed our *1762 from Brewin Dolphin* proposition further, expanding the suite of client investment solutions. This included the introduction of a liquidity management service, Lombard lending facilities and the addition of further investment options across a range of risk profiles, asset classes and price points.

We have broadened the accessibility of the Brewin Portfolio Service by reducing the minimum investment to £500. This makes it an even more attractive proposition for people new to investing, and for those clients putting money away for their children and grandchildren.

For our intermediary clients, we have broadened our distribution channels with our *'Powered by Brewin Dolphin'* proposition and recently developed Brewin Dolphin Voyager funds, offering more investment choice.

2. Further develop our client-centric experience

We have continued to invest in enhancing our client experience, through the development of platforms providing seamless digital services to clients. During the year we launched the new digital platform for WealthPilot. The WealthPilot platform fills a significant gap in the market and it will enable people to use a range of financial planning online tools for different scenarios as they get to grips with how best to manage their finances. After a successful trial period on a friends and family basis we have been able to go live with navigated journeys, where users explore the platform with the support of an adviser. We are also making additional financial planning hires to help increase the team's capacity and ensure we can capture our target market.

We have also done a great deal of work this year further developing our digital capabilities for the Brewin Portfolio Service. We are about to launch a fully revised onboarding journey, which is compatible for use across desktop and mobile devices. We have taken the opportunity to develop our own user experience platform, which has the potential to be leveraged across other business areas.

This year we have also enhanced our MyBrewin portal as well as releasing a new app. This has increased the number of clients using MyBrewin to view their portfolios. We now have over 90,000 logins a month and are planning to increase the available functionality in the coming year.

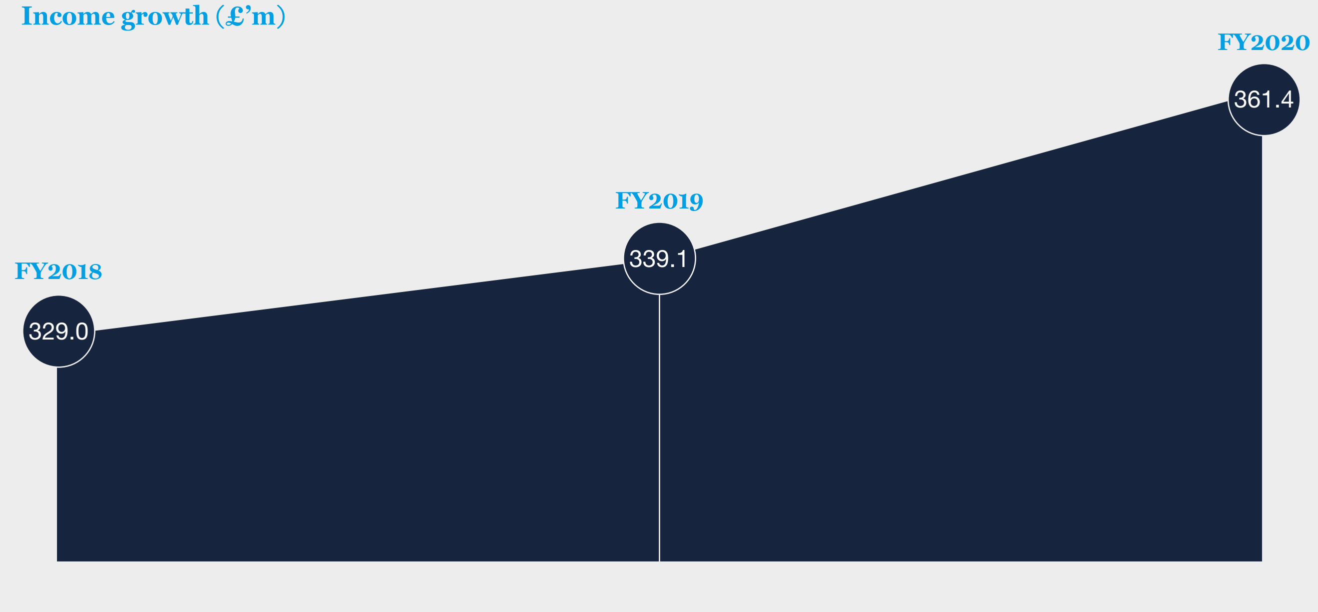
3. Build a platform for growth

We have made significant progress on our major technology programmes this year, which will improve the client experience and drive efficiencies within the business.

We implemented Client Engage, our new client management system, during the pandemic, whilst working remotely. This has involved a huge amount of work with teams across the business engaged in testing the system and training our people in the final preparations for launch. The new system will improve clients' experience with reduced onboarding times and creates productivity efficiencies for our client facing staff enabling them to spend more time with clients. The system is the interface for our digital applications and will support the acceleration of our digital roadmap.

> "We have made significant progress on our major technology programmes this year."

Income growth (£'m)



We have also continued with the implementation of Avaloq, our new custody and settlement system. Having taken delivery of the software, focus has shifted to acceptance testing and business readiness activities. These activities include building and testing the technology interfaces and data warehouse. We are now looking to implement the system during the Autumn of 2021. The replacement of an aged system will enable a fully integrated technology stack which is automated, replacing our current manual interfaces. The benefits of automation and straight through processing means there are fewer touch points for clients' end-to-end onboarding journey, improved productivity, improved client service, and reduced manual errors.

Finally, we successfully migrated the acquired assets and clients of Investec Capital & Investments (Ireland) Limited on to our existing systems, finalising the process whilst in a remote working environment.

4. Maintain a culture we are proud of

This year has asked real questions of our culture and I am delighted that it has risen to the challenge. We believe this delivers tangible benefits to our business through the hiring, retention and motivation of our colleagues.

Our talent development programmes have continued, as have our community responsibility activities, albeit in an adapted form as a result of the pandemic. We have been active across our diversity and inclusion agenda. This is an area that we are making real progress on as we create a business based on equality of opportunity and in which we encourage a diversity of thought and background. I personally have found the reverse mentoring programme focused on race and ethnicity, which all members of the Executive team have participated in, to have been particularly powerful.

Events like our People Awards, which celebrates individuals who have been nominated by their colleagues, continue to play an important part in the special culture we have here. One of the reasons why we have been able to manage the impact of the pandemic so well is a result of our culture – people have looked out for their clients and colleagues, whilst supporting each other throughout. I am delighted that this year's annual staff survey returned an engagement score of 90%, especially as it took place during the summer, and therefore reflects the way in which we handled a remote working environment.

> "In times of uncertainty, people look for expert and trusted financial advice."

Outlook

The impact of COVID-19 on the global economy has been dramatic, creating economic uncertainty and market volatility. Whilst this is creating more headwinds, the structural growth drivers of our sector and business remain strong. Our strategic actions mean that we are well placed to capture these growth dynamics.

We anticipate that 2021 will be a year of continued uncertainty so we remain disciplined on costs and investments. We expect our continued investment in our digital capabilities to put us in a position of strength to remain relevant and to ensure that we capture changing client requirements. We expect operating costs to grow mid-single digits, of which half of the rise is expected to be organic cost inflation and the rest to comprise investment for future growth.

Our business model is fundamentally resilient and cash generative. We also know that in times of uncertainty, people look for expert and trusted financial advice; we are well-placed to help people with their financial needs in such times. A strong balance sheet provides clients with confidence in our Company's long-term sustainability and enables us to take advantage of inorganic opportunities as and when they arise.

Robin Beer
Chief Executive Officer

24 November 2020

Our investment case

1. **We are a scale player in a growing wealth management market, providing organic and inorganic opportunities**
2. **We have a strong brand, recognised and known for trusted advice and investment expertise**
3. **We are a national player, with 34 offices across the UK and Ireland, supporting communities in which we operate**
4. **Our broad range of propositions allows us to expand our target market**
5. **We are investing in new technology which supports our digital ambition and future growth**
6. **We have a resilient balance sheet and a strong cash generative business**

Executing on our ‘client first’ strategy

We have made significant progress on our strategic objectives, despite having to move to a remote operating model almost overnight. Our strategy is built on a strong client and people-centric culture.

Our strategy

Our strategy can be captured in the four objectives set out opposite. We have included our strategic achievements this year and our focus for the forthcoming year.

We continue to align our strategy to revenue growth, improved efficiency, and capital efficiency and shareholder return.

Strategic outcomes

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

Strategic objectives	What we said we would do
1. Provide more choice for more clients	• Develop and enhance our propositions in *1762 from Brewin Dolphin*, MPS and *‘Powered by Brewin Dolphin’* solutions. • Acquisitions integrated and benefits delivered.
2. Further develop our client-centric experience	• Develop and deliver an enhanced WealthPilot offering and automation. • Develop and deliver digital capabilities including MyBrewin app and website upgrades.
3. Build a platform for growth	• Deliver new custody and settlement system. • Implement client management system. • Maintain regulatory compliance. • Brewin Dolphin Capital and Investments (Ireland) Limited (‘BDCIIL’) integration.
4. Maintain a culture we are proud of	• Roll out Future Wealth Manager, second phase of our client relationship skill programme. • Ongoing investment in management and leadership training. • Increased commitment to diversity, inclusion and wellbeing.

Measured by	2020 progress	Future focus
• Net promoter score RG • Discretionary funds inflows RG	• Enhanced our 1762 propositions with liquidity management services and Lombard lending. • Further developed our intermediaries distribution channels with *'Powered by Brewin Dolphin'* proposition. • Broadened the accessibility of Brewin Portfolio Service ('BPS'). • Embedded our acquisitions.	• Launch a multi-asset fund. • Launch an ESG proposition. • Complete our B2B pilot and develop our offering further.
• Overall client satisfaction RG • Discretionary funds per Client Facing Persons IE	• Launched a new digital platform for WealthPilot. • Delivered further digital capabilities in BPS. • Enhanced our MyBrewin portal and released an app. • Upgraded our corporate website.	• Fully launch our WealthPilot proposition. • Deliver MyBrewin upgrades. • Launch new user experience journey for BPS.
• Adjusted PBT margin IE • Capital adequacy risk appetite ratio CS	• Implemented client management system. • Integrated BDCIIL remotely. • Delivered regulatory framework enhancements. • Progress on the implementation of the new custody and settlement system.	• Deliver new custody and settlement system. • Further develop and deliver on our data programme. • Realise the benefits of our client management system.
• Employee engagement IE	• Delivered Future Wealth Manager training virtually. • Delivered SMCR compliance and training. • Continued development of individuals and teams in 'virtual classrooms'. • Progress on gender diversity at all levels.	• Further roll out of Future Wealth Manager training. • Build on our corporate responsibility programme. • Continued focus on wellbeing and engagement of our people. • Continue to build an inclusive workplace.

Read more in the CEO Review on page 18

Measuring the success of our strategy

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

Measuring our performance

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

Changes to KPIs

During the year, we have reviewed our measurements to ensure that they are appropriate for our strategy. Whilst all the KPIs remain appropriate, we have amended the description for the discretionary funds per CF30 measure to discretionary funds per Client Facing Certified Person; the population of individuals captured is the same.

As we are increasingly focused on becoming an advice-led business, this means that while we continue to be driven by funds growth, total revenue is a measure that captures the entirety of the business. We have always monitored revenue so this will form an additional KPI as part of our focus on growing the business.

Similar to our adjusted diluted EPS there will be no target provided but this will form part of our remuneration decision making and will be disclosed and monitored.

KPIs and remuneration

The KPIs for discretionary funds inflow and adjusted[1] PBT margin are included in remuneration decision making; see the Directors' Remuneration Report for further details.

Read more for a detailed explanation of the calculations used for KPIs see page 181

Revenue growth RG

Discretionary funds inflows (%)

Target 5%

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

Performance during the year Positive net fund inflows of £0.9 billion. Though 2020 net inflows are tracking behind our 5% target, it is a resilient result against the backdrop of challenging market conditions.

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

Net promoter score (%)

Benchmark 38.0%

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

Performance during the year This year saw a score of 51.0%. This is a stable result and the score remains significantly ahead of the industry benchmark of 38.0% which has reduced year on year (2019: 46.0%).

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

Overall client satisfaction

Benchmark 8.4/10

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

Performance during the year This year saw a score of 8.7/10, once again above the industry benchmark for the year of 8.4. This score is consistent with prior years and demonstrates the level of service we provide to clients.

Improved efficiency IE

Adjusted[1] PBT margin (%)

Target 25%

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

Performance during the year Adjusted PBT margin is lower than 2019. Income growth has been offset by an increase in staff costs driven by higher headcount to support growth initiatives and inflationary pay rises.

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

Discretionary funds per Client Facing Certified Person (£m)

Target £100m

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

Performance during the year The Group has increased the number of CFCPs through the acquisition in Ireland in the year. Excluding acquisitions, the measure would have been £80m, a marginal decrease on prior year due to negative investment performance.

Employee engagement (%)

Benchmark 77%

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

Performance during the year The employee engagement survey undertaken in 2020 resulted in a score of 90%, a 3 point increase over the 2019 result and 13 points ahead of the benchmark – see page 38 for more details.

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

Capital efficiency and shareholder return CS

Capital adequacy risk appetite ratio (%)

Minimum 150%

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

Performance during the year Our capital adequacy risk appetite ratio remains well above the risk appetite of 150%. Although it has reduced in the year following an increase in intangible assets with the purchase of BDCIIL and significant investment in software.

Adjusted[1,2] diluted EPS (p)

Target n/a

Definition The reported adjusted diluted earnings per share.

Performance during the year The adjusted diluted EPS is broadly flat compared to last year.

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

Dividend payout ratio (%)

Target 60-80%

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

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

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

1. Adjusted items are amortisation of client relationships and brand, defined benefit pension scheme past service costs, acquisition costs, incentivisation awards, onerous contracts and other gains and losses - see page 29 for further information.
2. See note 12 to the Financial Statements.

Bukki Sobowale
London

Agility & Resilience:

Pushing ahead with new technology

WealthPilot is our service for people with straightforward financial planning needs. Developing a digital platform for the service provides many advantages. Bukki Sobowale led the project team.

Three phases

WealthPilot is a really powerful system because it brings together both the client and the adviser in one system. Once the data has been entered and submitted it is there for the adviser to review and work with.

This year there have been three distinct phases to getting the platform ready for delivery. The first was to roll out the adviser half of the system – so that our team would get used to using the data we have on existing clients. The second was a low-key launch of the client-facing portal, which we used as a further testing period with friends and family to take on user feedback. And the third has been to launch “navigated journeys” for clients, which means that we talk them through the system and how it works before they use it to complete their details.

It’s been a really busy year, but we’ve delivered a lot – and fortunately we were able to continue almost seamlessly through lockdown. The system is browser based so it has been straightforward to continue testing without interruption; the only thing we missed was seeing the team!

Shahbear Hussain
Bristol

Agility & Resilience:

Working together to introduce business-wide change

The introduction of Client Engage, our new client management system, was one of the biggest change projects undertaken at Brewin Dolphin. It involved teams across the firm working together. Shahbear Hussain worked on the system requirements and implementation with the Jersey office.

Linking teams across the business

Obviously a huge part of these projects is getting the technology right, but another is being clear on the processes that need to change so that we get the best out of that technology – and trying to make everything as efficient as possible for the teams that need to use it.

So there was a lot to do so that everything could go smoothly with no impact upon clients – from working through the new process flows to check that they all worked smoothly with no gaps, to checking that everyone has had the necessary training, and that all the data had been prepared for the actual migration to Client Engage.

I was only a small part of what was a huge programme, but it was a really great team to be a part of. My role wasn't necessarily to be the expert, but to enable the right conversations to be had so that we got the right result for our clients.

Agility & Resilience: Solid set of results for the year

Results and business performance

The Group's financial performance for the year to 30 September 2020 was resilient, delivering organic growth across our business channels against a backdrop of a pandemic, economic uncertainty and market volatility.

Profit before tax and adjusted items ('adjusted PBT') was up 4.3% to £78.2m (2019: £75.0m) reflecting the contributions from our acquisitions, continued organic growth and the cost savings we realised within the second half of the year. The adjusted PBT margin was 21.6% (2019: 22.1%) as the business continues to invest in its technology infrastructure to support future growth.

> "The Group's performance for the year was resilient, delivering organic growth across our business channels against a backdrop of a pandemic."
>
> **Siobhan Boylan**
> Chief Financial Officer

Statutory profit before tax ('statutory PBT') was 0.8% lower than last year at £62.1m (2019: £62.6m). Statutory PBT margin for the period was 17.2% (2019: 18.5%).

Adjusted diluted earnings per share ('EPS') was broadly flat at 20.4p (2019: 20.5p). Statutory diluted EPS declined by 4.2% to 15.9p (2019: 16.6p).

	2020 £'m	2019 £'m	Change
Income	**361.4**	339.1	6.6%
Fixed staff costs	**(139.2)**	(126.7)	9.9%
Variable staff costs	**(60.2)**	(58.2)	3.4%
Other operating costs excluding adjusted[1] items	**(82.1)**	(80.8)	1.6%
Operating profit before adjusted[1] items	**79.9**	73.4	8.9%
Net finance costs and other gains and losses	**(1.7)**	1.6	(206.3)%
Profit before tax and adjusted[1] items	**78.2**	75.0	4.3%
Adjusted items	**(16.1)**	(12.4)	29.8%
Profit before tax	**62.1**	62.6	(0.8)%
Taxation	**(14.1)**	(14.5)	(2.8)%
Profit after tax	**48.0**	48.1	(0.2)%
Earnings per share			
Basic earnings per share	**16.3p**	17.0p	(4.1)%
Diluted earnings per share	**15.9p**	16.6p	(4.2)%
Adjusted[2] earnings per share			
Basic earnings per share	**21.1p**	21.2p	(0.5)%
Diluted earnings per share	**20.4p**	20.5p	(0.5)%

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

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

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

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

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

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

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

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

	2020 £'m	2019 £'m
Profit before tax and adjusted items	**78.2**	75.0
Adjusted items		
Acquisition costs	**(3.6)**	(2.3)
Defined benefit pension scheme past service costs	**–**	(1.9)
Onerous contracts	**(0.2)**	(1.0)
Incentivisation awards	**(1.2)**	(0.3)
Amortisation of intangible assets – client relationships and brand	**(11.1)**	(6.9)
Total adjusted items	**(16.1)**	(12.4)
Statutory profit before tax	**62.1**	62.6

Adjusted items for the year were higher at £16.1m (2019: £12.4m) and included acquisition costs of £3.6m (2019: £2.3m) for the acquisition during the year and higher amortisation of client relationships of £11.1m (2019: £6.9m) due to the acquisitions made in the 2019 calendar year.

Other adjusted items were in relation to incentivisation awards of £1.2m and onerous contracts of £0.2m.

Funds

£'bn	30 September 2019	Inflows	Outflows	Internal transfers[1]	Net flows	Growth rate	Acquired	Investment performance	30 September 2020	Change
Private clients	21.4	1.1	(0.6)	(0.7)	(0.2)	(0.9)%	0.7	(0.3)	**21.6**	0.9%
Charities & corporates	4.9	0.3	(0.3)	0.3	0.3	6.1%	0.3	(0.4)	**5.1**	4.1%
Direct discretionary	26.3	1.4	(0.9)	(0.4)	0.1	0.4%	1.0	(0.7)	**26.7**	1.5%
Intermediaries	10.0	0.9	(0.5)	(0.1)	0.3	3.0%	–	(0.2)	**10.1**	1.0%
MPS	3.8	0.5	–	–	0.5	13.2%	–	0.1	**4.4**	15.8%
Indirect discretionary	13.8	1.4	(0.5)	(0.1)	0.8	5.8%	–	(0.1)	**14.5**	5.1%
Total discretionary	40.1	2.8	(1.4)	(0.5)	0.9	2.2%	1.0	(0.8)	**41.2**	2.7%
Execution only	3.9	0.2	(0.5)	0.5	0.2	5.1%	0.5	(0.5)	**4.1**	5.1%
BPS	0.2	–	–	–	–	–%	–	–	**0.2**	–%
Advisory	0.8	0.1	(0.1)	–	–	–%	1.2	0.1	**2.1**	162.5%
Total funds	45.0	3.1	(2.0)	–	1.1	2.4%	2.7	(1.2)	**47.6**	5.8%

1. Charities and corporates internal transfer includes a £0.3bn reclassification from private clients related to Brewin Dolphin Wealth Management Limited.

Indices	30 September 2019	30 September 2020	Change
MSCI PIMFA Private Investor Balanced Index	1,665	**1,568**	(5.8)%
FTSE 100	7,408	**5,866**	(20.8)%

Total funds as at 30 September 2020 were up 5.8% over the last year to £47.6bn (2019: £45.0bn) and up 15.0% from 31 March 2020. The increase was driven by strong total net fund flows of £1.1bn and acquired funds from BDCIIL of £2.7bn. Negative investment performance of £1.2bn due to an unprecedented fall in markets due to COVID-19, offset positive net flows. The MSCI PIMFA Private Investor Balanced Index fell by 5.8% and the FTSE 100 Index fell by 20.8% during the year.

Total discretionary funds as at 30 September 2020 were up 2.7% at £41.2bn (2019: £40.1bn) with positive net flows of £0.9bn (2019: £1.4bn), representing an annualised growth rate of 2.2%. Gross fund inflows for the period remained stable at £2.8bn (2019 £2.8bn). Total discretionary funds also included £1.0bn from the BDCIIL acquisition.

Direct discretionary positive net flows of £0.1bn in the period (2019: £0.3bn) with fund inflows of £1.4bn (2019: £1.2bn), were partially offset by transfers and elevated outflows including low-margin institutional clients of £0.1bn. Direct funds growth benefitted from strong integrated inflows, aided by the 1762 from Brewin Dolphin proposition and contribution from BDCIIL. There is continued demand for advice, with c.60% of new direct private client business taking integrated wealth advice services.

Indirect discretionary net flows were £0.8bn (2019: £1.1bn), remaining relatively strong considering difficult market conditions, with 62.5% of net flows coming from MPS.

Income

Income increased 6.6% to £361.4m (2019: £339.1m) and included £19.8m from recent acquisitions. Income was higher in the second half of the year due to higher commission and fee income due to higher market levels.

	2020			2019			Change		
£'m	**Fees**	**Commission**	**Total**	Fees	Commission	Total	Fees	Commission	Total
Private clients	**141.5**	**65.3**	**206.8**	136.6	58.6	195.2	3.6%	11.4%	5.9%
Charities & corporates	**18.4**	**3.6**	**22.0**	19.4	2.9	22.3	(5.2)%	24.1%	(1.3)%
Direct discretionary	**159.9**	**68.9**	**228.8**	156.0	61.5	217.5	2.5%	12.0%	5.2%
Intermediaries	**66.5**	**1.1**	**67.6**	66.6	1.1	67.7	(0.2)%	-%	(0.1)%
MPS	**11.2**	**n/a**	**11.2**	9.1	n/a	9.1	23.1%	n/a	23.1%
Indirect discretionary	**77.7**	**1.1**	**78.8**	75.7	1.1	76.8	2.6%	-%	2.6%
Total discretionary	**237.6**	**70.0**	**307.6**	231.7	62.6	294.3	2.5%	11.8%	4.5%
Financial planning	**n/a**	**n/a**	**33.1**	n/a	n/a	27.5	n/a	n/a	20.4%
Execution only	**4.6**	**6.7**	**11.3**	4.1	6.2	10.3	12.2%	8.1%	9.7%
BPS	**1.3**	**n/a**	**1.3**	1.2	n/a	1.2	8.3%	n/a	8.3%
Advisory	**3.6**	**1.1**	**4.7**	2.1	0.4	2.5	71.4%	175.0%	88.0%
Other income	**n/a**	**n/a**	**3.4**	n/a	n/a	3.3	n/a	n/a	3.0%
Income	**247.1**	**77.8**	**361.4**	239.1	69.2	339.1	3.3%	12.4%	6.6%

Discretionary income increased by 4.5% to £307.6m (2019: £294.3m), driven by higher trading volumes from market volatility in Q2 20 and Q3 20 with commission income up £3.8m (excl. acquisitions) on prior year.

Financial planning income grew 20.4% to £33.1m (2019: £27.5m) primarily due to the growth in *1762 from Brewin Dolphin* alongside the recent financial planning-led acquisitions which contributed £4.0m in the year.

Advisory income is up £2.2m on FY 2019, driven predominantly by the acquisition of BDCIIL.

Other income consisting of, inter alia, interest and report writing income is broadly flat in the year at £3.4m. Interest income reduced to £1.3m (2019: £2.8m) although higher in the second half, as interest payments to clients ceased due to a fall in the base rate. Report writing income is generated by Mathieson Consulting acquired in H2 2019 and contributed £1.1m of other income (2019: £0.5m).

Income margin[1]

	2020			2019		
(bps)	**Fees**	**Commission**	**Total**	Fees	Commission	Total
Private clients	**67.4**	**31.1**	**98.5**	67.0	28.8	95.8
Charities & corporates	**37.7**	**7.2**	**44.9**	40.9	6.1	47.0
Direct discretionary	**61.8**	**26.6**	**88.4**	62.1	24.5	86.6
Intermediaries	**67.9**	**1.1**	**69.0**	69.4	1.1	70.5
MPS	**26.5**	**–**	**26.5**	27.0	–	27.0
Total discretionary	**59.7**	**17.6**	**77.3**	60.8	16.4	77.2
BPS	**68.4**	**–**	**68.4**	68.6	–	68.6
Execution only	**11.4**	**16.4**	**27.8**	10.8	16.2	27.0
Advisory	**19.5**	**6.0**	**25.5**	23.8	4.3	28.1
Overall	**53.7**	**17.0**	**70.7**	55.7	16.1	71.8

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

The overall blended margin across all our discretionary services increased to 77.3bps (2019: 77.2bps), driven by pricing pressure and tiering within intermediaries offset by greater transactional commission-based activity. The margin for direct discretionary business has increased to 88.4bps (2019: 86.6bps) driven by exceptional commission income in the year.

Both intermediary and MPS margin has declined reflecting the slight shift in pricing mix as a result of market competition. The blended margin for MPS has decreased to 26.5bps (2019: 27.0bps) due to the impact of tiering as the MPS funds grow.

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

	2020 £'m	2019 £'m
Staff costs	**(139.2)**	(126.7)
Non-staff costs	**(82.1)**	(80.8)
Fixed costs	**(221.3)**	(207.5)
Variable staff costs	**(60.2)**	(58.2)
Total operating costs	**(281.5)**	(265.7)
Capital expenditure[2]	**35.6**	16.7

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

Total operating costs before adjusted items were up £15.8m, 5.9% higher at £281.5m (2019: £265.7m), with increases attributable to recent acquisitions of £13.9m and other increases such as FSCS levy as well as inflationary pay rises partially offset by cost savings in the second half of the financial year.

Total fixed costs have increased by £15.2m to £221.3m (2019: £207.5m) with incremental costs through acquisitions totalling £12.7m. Of the £12.5m increase in staff costs, £7.5m reflects the impact of acquisitions which included around 100 additional staff over the period. Excluding acquisitions, staff costs grew 3.9% as a result of annual salary inflation and headcount increases to support the Group's continued growth including the delivery of the planned infrastructure projects.

The increase in non-staff costs is attributable to acquisitions and a £2.0m increase in the FSCS levy charged in the year. Excluding acquisitions, non-staff costs were down £4.0m year on year with significant savings attributable to both the impact of COVID-19 and management actions. Savings included reduced travel, entertainment, marketing, a slowdown of hiring, and delayed non-essential IT projects and office upgrades. With this cost discipline we were able to save £9m, ahead of the cost savings target of £6m-£8m set at the half year. Most of these savings were one-off in nature, however we expect that some travel and expenses savings will emerge while social distancing is in place.

Variable staff costs of £60.2m (2019: £58.2m), which predominantly includes discretionary profit share, were up 3.4%, in line with the increase in adjusted profit.

We have continued to make good progress on our strategic projects. Total capital expenditure for the year excluding IFRS 16 related right of use additions was £35.6m and included £5.3m spend on our client management system and £20.9m on the custody and settlement system. The implementation delay in our custody and settlement system resulted in slightly higher capex spend compared against our guidance range of £30m-£33m.

Delivery of the custody and settlement system is expected in the Autumn of 2021 taking into account the complexities of the integration in a remote working environment and the extension on the scope of the project. The initial scope of the project has expanded following the delivery of our client management system, as we are adding incremental solutions to improve client experience and further enhance our regulatory compliance. These solutions include integration of a new client reporting suite and the introduction of a new automated client account transfer process which will drive further benefits.

Looking ahead to next year's cost and capital expenditure, we anticipate operating costs to grow mid-single digit, half of which includes inflation and the remaining for investment within the business. We anticipate our capital expenditure will be around £30m of which £19m will be on our custody and settlement system and £3m on property including the fit out of our new London head office, Cannon Street, and the remainder is in line with our guidance of a more normal investment spend of £8m-£10m. This capital expenditure guidance excludes any right of use asset additions.

IFRS 16 leases and net finance costs

IFRS 16, the new accounting standard for leases, was applicable to this year's results and covers operating leases. All of the properties used by the Group are on operating leases.

The adoption of the accounting standard has resulted in the Group recognising right of use assets and corresponding lease liabilities on its balance sheet. Additionally, the standard has changed the pattern of recognition of costs in relation to these assets; instead of expensing the rental cost on a straight line basis within operating expenses, depreciation is recognised on right of use assets with finance costs recognised in respect of lease liabilities. This means that operating leases are more expensive in their earlier years reflecting the finance costs. The impact of this change in accounting decreased profit before tax by approximately £1.1m in 2020.

Finance costs were £2.6m (2019: £0.1m). £2.3m of the increase is due to IFRS 16 and the remainder relates to the unwind of interest costs on provisions. Finance income for the year at £0.9m (2019: £1.7m) was lower due to the fall in interest rates.

Right of use asset additions of £1.9m were recognised in the year for new leases.

Acquisitions

During the year, the Group completed the acquisition of Investec Capital & Investments (Ireland) Limited, the wealth management business of Investec Group in Ireland. This cements our position in the Irish wealth market and provides us the business from which to grow and expand. The net consideration after adjustments for surplus capital was €43.4m. Assets under management and advice on acquisition were £2.7bn at 31 October 2019. The assets were transferred to Brewin Dolphin Wealth Management Limited in April 2020 and are now part of our business in Ireland. The adjusted profit before tax of the combined entities is £5.1m.

Defined benefit pension scheme (the 'Scheme')

The final salary pension scheme surplus has increased to £20.3m (2019: £17.4m). An actuarial gain for the year of £1.4m (2019: £5.6m) has been recognised.

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

The Scheme de-risked its investment strategy upon meeting a secondary funding level target during the year at the end of November 2019. The investment strategy reflects the Scheme's liability profile and the Trustees' and Group's attitude to risk. The Scheme's investment strategy is currently to invest broadly 30% in higher return seeking assets (e.g. equities, high yielding bonds etc.), 20% in a cash flow generating corporate bond fund and 50% in matching assets (e.g. fixed interest gilts and index-linked gilts).

The Group has a further £0.3m of additional contributions to pay into the Scheme.

Tax

The Group's effective corporation tax rate at 22.7% is higher than the UK statutory rate of 19%, as a result of disallowable expenses such as the amortisation of client relationships.

Our effective tax rate is lower than prior year (2019: 23.1%) due mainly to a reduction in disallowable entertainment expenses because of COVID-19 restrictions.

Dividend

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

The Board has taken a balanced view on rewarding shareholders in what has been a strong performance by the Group in the year, against a challenging backdrop. The Board recognises that it needs to invest in the business for the future to remain relevant for its clients in a fast changing world, but also needs to remain prudent as we envisage some continuous headwinds into next year. As a result, the Board is proposing a final dividend of 9.9p per share bringing the total for 2020 to 14.3p per share (2019 final: 12.0p per share; total dividend for the 2019 year 16.4p per share). This represents a payout ratio of 70% of adjusted diluted earnings per share and is in line with our dividend policy.

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

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

The distributable reserves of the Company comprise £38.4m of the merger reserve (see note 29 to the Financial Statements) and £124.8m of the balance of the profit and loss reserve.

The Group is well positioned to continue funding dividend payments in accordance with the dividend policy. The ability to maintain future dividends will be influenced by a number of the principal risks identified on pages 47 and 48 that could adversely impact the performance of the Group. Notwithstanding the potential medium-term impact of COVID-19, the dividend policy remains unchanged.

The majority of the cash resources are held by the principal operating subsidiary Brewin Dolphin Limited. Further details of the Group's cash flow can be found below. Details of the Group's continuing viability and going concern are both on page 49.

Capital resources and regulatory capital

The Group's financial position remains very strong with net assets of £335.0m at 30 September 2020 (2019: £337.7m).

At 30 September 2020, the Group had regulatory capital resources of £161.1m (2019: £215.9m). Investment in intangible assets was the main driver of the reduction, see note 10 to the Financial Statements. The Group's primary regulator is the Financial Conduct Authority ('FCA'). The FCA's rules determine the calculation of the Group's regulatory capital resources and regulatory capital requirements. As required under FCA rules, we perform an Internal Capital Adequacy Assessment Process ('ICAAP'), at least annually, which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold.

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

Capital allocation

The Board is introducing a return on equity (ROE) as a measure and guide to ensure that we are disciplined in our investments and to ensure that we achieve appropriate returns. ROE will be measured across the portfolio of investments and will be a guide to ensure that we deliver sustainable returns. It will be measured on an annual basis to ensure that we continue to provide returns on the capital invested. ROE is defined as adjusted profit after tax expressed as a percentage of average equity across the year.

Assessment of ROE will be a key consideration for all material investment decisions, particularly for those related to acquisitions.

Cash flow

The Group had a cash outflow of £48.7m (2019: £43.0m inflow) and total net cash balances of £180.5m as at 30 September 2020 (2019: £229.2m).

Adjusted EBITDA (see table below) was £99.5m (2019: £85.1m). The acquisition of BDCIIL saw a cash outflow of £32m. Capital expenditure of £28.9m was significantly higher than last year (2019: £15.3m), supporting the ongoing infrastructure and systems update. The contribution to the defined benefit pension scheme of £1.3m (2019: £2.0m) was lower than last year reflecting the new contribution rate.

Cash outflow for own share 'matching' purchases in the year of £8.2m to match the awards made in 2019 for the Deferred Profit Share Plan (DPSP) awards was broadly similar to the cost last year. Shares were also purchased (£0.2m) for the Share Incentive Plan.

Dividends paid in the period increased by 5.2% to £48.4m (2019: £46.0m).

	2020 £'m	2019 £'m
Profit before tax and adjusted items	78.2	75.0
Finance income and costs	1.7	(1.6)
Operating profit before adjusted items (EBIT)	79.9	73.4
Share-based payments	9.8	7.8
Depreciation and amortisation – excluding client relationships and brand	9.8	3.9
Adjusted EBITDA	99.5	85.1
Capital expenditure	(28.9)	(15.3)
Purchase of client relationships	–	(10.0)
Acquisition of subsidiary	(32.0)	(2.7)
Acquisition costs	(3.6)	(2.3)
Proceeds from disposal of investments	–	0.8
Pension funding	(1.3)	(2.0)
Working capital	0.3	(2.4)
Interest and taxation	(16.4)	(10.9)
Lease payments and interest on lease liabilities	(8.8)	–
Lease incentive and finance lease receivables	0.6	–
Adjusted items	(1.4)	(0.9)
Placing of shares	–	58.4
Shares purchased and disposed of	(8.4)	(8.9)
Shares issued for cash	0.1	0.1
Cash flow pre-dividends	(0.3)	89.0
Dividends paid	(48.4)	(46.0)
Cash flow	(48.7)	43.0
Opening firm's cash	229.2	186.2
Closing firm's cash	180.5	229.2

Driving a sustainable agenda

Being a responsible business is firmly embedded within our organisation. We always seek to have a positive impact on society, our people, clients and the environment.

Sustainability at Brewin Dolphin

We have initiated a Group-wide review, sponsored by our Board and managed by our Executive Committee, of how the Group addresses and responds to sustainability; both how we behave as a responsible business and how we provide our clients with responsible investment offerings. This year has seen the creation of the Sustainability Committee, the Sustainability team, and an ESG Investment Forum. All our initiatives and ambitions are about supporting and safeguarding our stakeholders' interests, whilst ensuring we build a strong corporate foundation for a sustainable future.

Our approach identifies three pillars of sustainability at Brewin Dolphin.

#1 Responsible investment

Ensuring that we can offer our clients the right **responsible investment choices** for them

#2 Stewardship

Ensuring **responsible ownership of assets**, with monitoring and engagement where appropriate

#3 Responsible business

Ensuring Brewin is a company that seeks to have a **positive impact on society**, including our people, communities, clients and the environment

Pillar 1: Responsible investment

We have made a significant amount of progress this year on our approach to responsible investment. For us, responsible investment means integrating an assessment of ESG risks and opportunities into our decision-making process, and actively engaging with companies on material issues. As a signatory to the UN Principles of Responsible Investment, we have committed to consider ESG factors in our investment analysis and portfolio management approach. We also commit to be active owners and incorporate ESG issues into our stewardship policies and practices.

Investing responsibly is a central part of how we operate, and this year we have continued to formalise our responsible investment approach. We have created a Sustainability team, and a Sustainability Committee which reports directly to the Executive Committee. To provide information to the Sustainability Committee, we have set up an ESG Investment Forum and an ESG Investment Network, consisting of members from all business areas.

The first step in this journey has been an information gathering exercise, understanding how our investment managers currently fulfil their clients' requirements, and what they need in the future. To support the integration of ESG considerations into investment decisions, we have engaged Sustainalytics, a leading data and ratings firm dedicated to responsible investment and ESG research. Our next step is to further develop our client offering and build the tools needed to deliver the offering in a genuine and robust way. This will include tools to capture client requirements, to develop and monitor portfolios, and to create ESG reports for clients.

Pillar 2: Stewardship

As a steward of our client assets, we aim to engage with companies and other organisations of influence to create long-term value, leading to sustainable benefits for the economy, the environment, and society.

We engage with our core holdings through purposeful dialogue on high priority ESG issues as well as on issues that are the immediate subject of votes at general meetings. Our Stewardship Committee has the broader aim of ensuring that our clients' interests as holders of securities are protected and, where appropriate, ensuring proactive shareholder action is taken in the best interest of those clients. Our Stewardship Policy can be found on our website, and will be updated to reflect the new Stewardship Code 2020. As well as engaging directly with companies, we also leverage our influence by partnering with other aligned investors on specific issues. We are a member of the Investor Forum, a community interest company which aims to bring together investors to escalate material issues with the boards of UK-listed companies. This year, we further expanded our collaborative engagement efforts by partnering with two organisations. We joined Climate Action 100+, an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We believe that collaborative engagement is one of the most powerful tools at our disposal, and driven by this, in September we appointed BMO as an engagement partner. This partnership will allow us to increase our influence, by collaborating with aligned investors to engage our investee companies on priority ESG issues. Details of our engagements and voting activity will be published in our 2020 Stewardship report.

Pillar 3: Responsible business

For Brewin Dolphin, being a responsible business means identifying and actively managing the Environmental, Social and Governance (ESG) risks and opportunities we face as an organisation. We interact with many stakeholders, and through these interactions we aim to have a positive impact on society. This section summarises how we manage ESG risks and opportunities within our organisation. We are always looking at ways to evolve and improve our initiatives and ambitions.

To ensure our ESG ratings with third party rating agencies are relevant, we actively engage with several agencies. MSCI currently have our ESG Rating at AA. Our ESG Reference Guide can be found on our Investor Relations website.

Environment

Green house gas emissions ('GHG')

As a business, we continue to assess our impact on the environment and try to mitigate or reduce where possible. Our main environmental impact is energy-related emissions from our network of offices in UK and Ireland and from our employee travel. Whilst COVID-19 has reduced our employee travel in the second half of the year, it has made our data collection more challenging. Our Corporate Responsibility Committee and operations teams continue to make improvements in this space across our offices, such as installing LED lights, power and water-saving devices and recycling bins. We are also continuing with digital initiatives to reduce the amount of paper we use across our offices. For more information about our GHG emissions please refer to pages 101 to 102.

Brewin Dolphin understands the importance of reporting on our response to climate change. We intend to fully comply with the TCFD disclosure requirements next year and as a first step we made a CDP disclosure in August this year. Furthermore, we will be answering the TCFD related questions within our first UN PRI report in 2021. Our new Sustainability team has been tasked with designing and implementing Brewin Dolphin's approach as a responsible business, a crucial part of which is the environment.

Social

Clients

The impact of the pandemic environment on our clients, staff and suppliers has been significant and consequently it has never been more important that we consider the needs of vulnerable stakeholders on a consistent basis across the business. We recognise that vulnerabilities can be far broader and more transient than the definitions some firms have traditionally used; and that we should be aware of potential vulnerability as well as actual instances. Our Vulnerable Client Committee is drawn from across the business and focuses our thinking in terms of how we recognise and identify vulnerability, the ongoing education and development of our people's understanding of vulnerability, and the creation of policies in response, while through the work of its subcommittee the Vulnerable Clients Forum, it is able to provide individual case specific advice and expertise.

Human capital

It is a key part of our long-term strategy for growth that we maintain our inclusive culture in which all of our staff are highly valued, respected and engaged. We believe this is an essential foundation upon which the Group can continue to meet individual client needs. This is also a key motivator, differentiator and a strategic advantage for us in the financial services market place. Our people do business in a way that is both ethically sound and reflects our corporate values. We believe that achieving this makes 'doing the right thing' an automatic element of how we treat each other, our stakeholders and the communities in which we operate.

It is important that we are recognised, internally and externally, for respecting our people, listening to them and enabling them to meet their personal and collective goals. Having such a reputation is a key aspect in attracting and retaining the best talent. We achieve this through many ongoing initiatives and forums including the Diversity and Inclusion Committee, the Women@Brewin network, our network of Engagement Partners, by encouraging staff to use a Volunteer Day allowance, by facilitating tax-efficient charitable giving, matching staff fundraising, offering community grants and pledging to support societal change (such as by signing the 30% Club and the Race at Work Charter).

Caring for the wellbeing of our people is more important than ever and this year has seen us launch initiatives covering physical, mental and financial health to complement the wellbeing champion and mental health first aider network we have established across our office network. We have also introduced training for line managers on managing mental health in their teams.

For further information on how we as a business responded to COVID-19 and supported our employees, engagement, diversity and inclusion, learning and development and succession planning please refer to pages 38 to 39 and 70 and 71.

Health and safety

We are committed to providing a safe environment for our workforce and visitors. We have arrangements in place to ensure that we meet ongoing health and safety obligations to our staff and other stakeholders, such as visitors to our premises.

Our Board is ultimately responsible for the overarching Health and Safety policies and procedures of the firm and we confirm that we comply with the Health and Safety at Work Act 1974 and all associated regulations and codes.

We believe that sufficient and effective measures have been implemented throughout the Group to prevent and mitigate accidents and cases of work related illness, through the use of training, risk assessments and awareness raising via our framework of policies and procedures.

Our premises and facilities team have led the design, set up and control of our COVID-19 secure offices. With a focus on social distancing and hygiene, offices have been provided with additional signage, enhanced levels of cleaning, clear incident protocols and new processes to ensure that colleagues, clients, and other visitors remain safe at all times.

Communities

Our corporate responsibility programme continues to have high levels of engagement and giving by staff right across the business. One of the principles of our programme is to create close relationships between our people and the communities where we live and work, above and beyond the simple act of giving money. Our business understands the value of people interacting with others, and that is a principle we have applied to the communities and charities we support. This means sharing our time and our expertise. We do support fundraising as well, but it is a principle of our programme that we want Brewin Dolphin and its employees to be at the heart of our communities. We are an active contributor to society – helping to inspire futures and positively impact those around us. We believe that long-term partnerships are more beneficial for our partners than sporadic or one-off giving, and as such have central and office partnership programmes in place. For more information please refer to pages 40 and 41.

Governance

Human rights, anti-corruption and bribery and the management of our supply chain

We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high business standards and compliance with applicable laws and standards. To bring to life our commitment to good governance and compliance, we have set out below an example of how we apply our standards of good governance to our vendor relationships. We have a zero-tolerance approach to slavery and human trafficking and bribery and corruption within our workforce, and set the same robust expectations in relation to our supply chain and vendors.

As a provider of financial services, we do not have a very long or complex supply chain – our main vendors are either providers of office supplies and support services such as reprographics, IT, recruitment, and facilities management or professional advisers such as legal, accountancy and advisory firms. Whilst we consider our vendors to be at relatively low risk of engaging in practices of modern slavery and human trafficking and/or bribery and corruption, we nevertheless remain committed to preventing the occurrence of such practices both in our business and our supply chain.

To manage and mitigate the risks associated with potential human rights breaches and bribery and corruption and to ensure we have transparency around such issues we have a robust vendor management framework. At a high level, appropriate governance and oversight is maintained through a properly constituted vendor governance committee with the overall objective of ensuring good governance, oversight and monitoring of our supply chain and vendor relationships. At a more granular level, we ensure that a rigorous vetting process and due diligence is undertaken before a vendor is engaged and appropriate monitoring and oversight occurs throughout the relationship.

Underpinning this framework are the robust policies and procedures, together with appropriate training, which gives our workforce and other business partners guidance on breaches of human rights standards (such as human trafficking) and anti-bribery and corruption and the measures we take to tackle such issues within our organisation and supply chain. We are confident that the policies and procedures that we have in relation to anti-slavery and human trafficking are in compliance with the Modern Slavery Act 2015 and our public statement, to this effect, is available on the Brewin Dolphin website (www.brewin.co.uk). Further, our internal policies in relation to anti-bribery and corruption are published and available for our workforce and refreshed annually.

Whilst we believe we have a robust framework in place and a commitment to doing the right thing, where these high standards have not been met we encourage our workforce to speak up and come forward. Through our Speak Up Policy (formerly Whistleblowing Policy) and our 'Speak up Champion', a role which is held by Ian Dewar, our Senior Independent Director, we believe we are creating a culture of openness and accountability.

Our tax strategy and transparency

Our tax strategy, as published on our website, outlines our approach to tax risk and planning and sets out our commitment to our investors, clients and tax authorities that we do not participate in aggressive tax planning, seek to structure transactions in an artificial manner, or condone abusive tax practices which would contravene our ethics and culture. Our management of tax is aligned to our core values. We always act with integrity and transparency in our relationship with HM Revenue & Customs ('HMRC') and all other tax authorities. Our expert tax team has many years of professional experience and we partner with reputable external advisers to support this expertise and to deliver clarity of tax advice to the business and senior management, ensuring that all tax risks are identified at the earliest opportunity and managed within our Group-wide risk management and governance framework, aligned always to the Group's low risk appetite. We understand and welcome our obligations and social responsibility to pay the right amount of tax in all the territories in which we operate and to comply not just with the letter of the law but also the intentions of Government. We actively engage with HMRC directly and indirectly through our representative trade bodies to help deliver a fair and effective tax outcome for our clients and the Group.

Risk management

We have a defined risk appetite which enables us to effectively manage the potential upside and downside risks of our strategy. A number of our principal risks correspond to our growth strategy, which include our continued development of new propositions and services to meet a broader range of client needs, and where we have undertaken acquisitions resulting in inorganic growth. We also have a Change Management Programme, which is focused on enhancing our technology infrastructure to support future growth.

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

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

For more information on our risk management refer to page 44.

Cyber and data security

We have a comprehensive security programme across the Group, which ensures a co-ordinated delivery of security services. The cyber security framework is aligned with the international standards of NIST and ISO27001. We utilise the three lines of defence governance framework, the IT security team and IT governance team form the first line with the Information Security, Data Privacy Office and the Operational Resilience teams in the second line.

The Group works constantly to identify the threats to its clients and staff, mitigating them using technology, highly skilled teams and a comprehensive awareness programme for both staff and clients.

Our cyber security framework is about identifying, protecting, detecting, responding and recovering, all within a critical timeframe. The security teams strive to make the Group resilient so as to ensure a consistent service to its clients. These risks could be in the form of a cyber-attack, insider threat, delivery of technology change, a service interruption or a third party supplier.

The Group regularly tests its crisis management teams using internal and external training to ensure all plans and people are prepared in the event of a serious incident. We are constantly reviewing our cyber risks and adapting our controls accordingly.

Diversity policy and approach

The Board believes providing an inclusive and supportive environment allows the Group to benefit from the variety of experience, backgrounds and viewpoints that a diverse workforce can bring. For more detail of the Group's initiatives in relation to diversity, see page 38. The Group has a Diversity and Inclusion Committee with four distinct objectives; further details can be found on page 163 of the Corporate Governance report.

Executive pay

The Remuneration Committee exercises independent judgement on remuneration policies and practices, and the incentives created to manage risk, capital and liquidity. It also oversees personal objectives, performance appraisal and individual compensation packages for the Chairman and Executive Directors. The Committee consults with major shareholders and proxy voting agencies before they update the Directors' Remuneration Policy. They also perform an external benchmark analysis against sector peers. When setting targets for annual bonuses and LTIPs, they set suitably stretching targets to appropriately motivate our Executives. For more information read the Directors' Remuneration Report on pages 79 to 99.

Our culture at its best

We are actively working to build an inclusive workplace, nurturing our culture through attracting, retaining and developing a highly skilled workforce.

For several years we have focused on nurturing our culture, and our belief in doing the right thing. And while we have talked about the importance of our values, it is only when you are really tested that you find out how genuine and deep-rooted they really are. This year, as a result of COVID-19, we have had a powerful demonstration of the value of our culture, thanks to the manner in which our people have sustained our business.

COVID-19

The extraordinary circumstances of the crisis caused by COVID-19 created challenges for the Group, but also provided an opportunity to show us at our best.

From the outset we used our values to guide our decision-making, and were committed to supporting our colleagues as well as our clients. The clarity we have around the importance of our culture and values meant that this was a straightforward way to manage the situation, even if individual decisions were complicated. We were able to swiftly adapt to working remotely, while being sensitive to those colleagues who found the new arrangements challenging.

We did not furlough anybody, choosing instead to redeploy those whose activities were limited by the lack of face-to-face engagement, and we made no redundancies. We also honoured all offers of employment.

We introduced a number of support interventions, including providing enhanced flexibility to enable people to care for dependents, and to look after school-age children. We provided a range of wellbeing materials to colleagues, and coached managers on how to adapt to working with their teams remotely. We also offered an interest free loan for employees facing financial hardship as a result of COVID-19, which was in their bank accounts the day after they applied.

Engagement

We remain firm believers in the idea that if you treat your people well, they will perform well.

Our response to the pandemic has reinforced that view and we have seen the impact in our engagement scores from our annual Your Future, Your Say colleague survey. Engagement scores rose again, in this most demanding of years, to 90% – which is 13 points above the financial services benchmark. This is hugely encouraging as we continue to make Brewin Dolphin a desirable place to work. Our scores in the survey over the last six years have shown consistently high engagement to be an area of competitive advantage for us.

Every one of our teams nominates an 'Engagement Partner' who works with local management on the things that matter to our people on the ground.

Our values are at the heart of our business

Our annual People Awards are celebrated in January each year, and they focus upon our values of Genuine, Expert and Ambitious. Notably the winners are nominated by their colleagues, rather than being picked centrally on the basis of sales performance. It is a sincere mark of appreciation and reflects the generous spirit of our culture.

Diversity and inclusion

We are committed to creating a workplace and culture that is welcoming and inclusive for everyone. We value the contribution of all our people and recognise that diverse backgrounds, experiences and ideas enable us to grow and remain resilient. Our Diversity and Inclusion Committee guides our work and engages with colleagues across the business to develop initiatives and set priorities.

This year has been marked by the Black Lives Matter movement, prompting businesses around the world to reflect on their ethnic diversity and understanding of colleagues' experiences. It has led us to accelerate and expand our planned activity, including commissioning a series of workshops entitled 'Let's Talk About Race' to enable colleagues to be part of these important conversations.

In July we signed the Race At Work Charter, with Robin Beer as our Executive Sponsor. This has five principles to ensure organisations address barriers to recruitment and progression. Our Executive Committee is now participating in reverse mentoring with colleagues from ethnic minority backgrounds, and we have run a series of focus groups across the business to understand views and experiences. The outcome of these sessions will be one of the factors informing our work over the next year. In October we celebrated Black History Month with a series of educational and engaging activities.

Our CEO and Chairman are proud members of the 30% Club, with its goal of achieving beyond 30% women and increasing ethnic diversity on boards and senior teams. We are also proud of our position of sixth in the FTSE 250 in the most recent Hampton-Alexander rankings for gender diversity. Our hiring is now evenly split between men and women across the business, and we continue to be a signatory and active supporter of the Women in Finance Charter focused on improving gender diversity at senior levels and developing future leadership talent. We are founding partners of the WealthiHer network committed to championing, empowering, and supporting female clients.

Our focus on LGBT+ inclusion is continuing to build an environment in which people feel able to bring their whole selves to work. We are members of myGwork, a business community of LGBT+ professionals offering access to mentoring, networking, workshops and events. This year, they have facilitated a series of workshops to help us better understand language relating to gender and sexual orientation and remove this as a barrier to our conversations. These were followed by our celebration of Pride in June which was more prominent than in previous years, both externally and internally.

Learning and development

Our approach to our people has always been focused on providing the business with the people and skills that it requires to deliver its strategy.

Our relationships with our clients, and the experience we can offer them, is central to that strategy. This year we launched our Future Wealth Manager training programme – a 13-month programme for client-facing teams to further enhance their technical and behavioural skills and client expertise to guide them across our propositions.

We also announced an expansion of our partnership with the Institute of Customer Service to further enhance the quality of service that we provide to our clients, building on the experience gained by colleagues in BPS. Within the business we have also created a Service Excellence Forum to share ideas and embed our focus on excellent client service.

We have continued to run our major learning and development programmes, adapting them to remote learning approaches as a result of the pandemic. These include our Aspire management training and mentoring, our Financial Planning Academy, and our Emerging Talent and Executive Leadership Programmes. This summer we were delighted to celebrate the first cohort from our Cranfield Executive MBA completing their course.

We continue to expand our online learning portal, Grow, providing opportunities for everybody across the business to take control of their own development. Our regulatory learning programmes ensure that our people have an appropriate level of knowledge for their role responsibilities. This included providing training around the implementation of SMCR in December 2019.

Succession planning

Being clear on the skills we need as a business is of course an important part of our succession planning work. This year we have been able to appoint a new Chief Executive Officer and a new Chief Operating Officer from within; a reflection both of the quality of the people we have within the Group, and also of how we develop our people so they become the outstanding candidates for the roles we have available. From a culture and continuity perspective this is most welcome, and an endorsement of work identifying and developing talent to support the business.

Actively supporting our communities

An important part of our culture has always been the role that we play in the community.

We see ourselves as active citizens who make a contribution to the communities in which we live and work, and our approach is to support our people to make their own individual contributions, rather than dictating one approach from the centre. We have also sought to ensure our contribution is about more than money – giving time and expertise as well.

We began the year by launching our support for social entrepreneurs through our Inspiring Futures programme. In addition, many of our offices chose individual charity partners for the first time. Across the business our employees gave their time and energy to volunteer and fundraise for local charities, and support their communities.

During the COVID-19 crisis we had to be flexible in our approach to our programmes and came up with new ideas to allow our people to continue supporting their communities. They rose to the challenge and we saw the same levels of enthusiasm, with virtual volunteering and amazing team challenges. During the crisis, volunteering was more important than ever and therefore as a business we increased the number of volunteering days for individuals from one to five per year.

Newcastle office, Changing Lives' Christmas party

Our giving:

Pre COVID-19 – six months to March 2020

- For the second year in a row we have been awarded The Payroll Giving Platinum Award 2020. This is in recognition of the fact that more than 20% of eligible employees are enrolled in the scheme.
- Through our fundraising matching programme, we saw great examples of support for charities in the lead up to Christmas, such as bake sales, raffles and food collections, and physical activities like the John Muir Way challenge undertaken by the Edinburgh office.
- At the start of the year, as part of our small grants programme we were pleased to donate funds to several small, local charities nominated by colleagues who have a personal commitment to them.
- Volunteering has always been an important part of the culture of Brewin Dolphin, and each year, our colleagues from across the Group give thousands of hours to local charities. The start of this year was no different. Our Newcastle office held their '12 Days of Christmas' initiative, which involved volunteering for several local charities through the festive season. Other offices helped at their local foodbanks to prepare food donations over the Christmas period.

During COVID-19

As the nation went into lockdown, we saw how badly hit charities were and how the loss of volunteers and funding opportunities would impact their ability to help their beneficiaries. In response we introduced the Brewin Dolphin Community Relief Fund and committed to distributing £25,000 to 100 charities. These employee-nominated charities were all based in our local communities and supported people during the pandemic. The fund was distributed in a matter of weeks to food banks, domestic abuse charities, homeless shelters and more.

With so many charity fundraising events cancelled, in the second half of the year we saw more and more teams take on virtual challenges. Across our office network, teams responded admirably to the restrictions imposed on normal fundraising activities. 27 teams ran, walked and cycled thousands of miles, raising over £70,000 for their charity partners or other local charities.

- Our team in Manchester took part in a Race Across Europe challenge, as they ran, rowed and cycled over 5,000km. 90% of the team took part and they raised over £10,000 for local charity The River Manchester.
- In Birmingham, the team covered 25,000 miles to complete their Around the World in 80 Days challenge, raising £8,000 for their charity partner Help Harry Help Others, while our Shrewsbury team walked, ran and canoed the length of the River Severn, raising over £2,000 for Victim Support.
- Belfast and Dublin worked together to cover over 5,000km in aid of AWARE NI and Sonas.

The crisis created a need for a growing number of volunteers. Although we were unable to take part in our usual team volunteering activities, we were heartened by the number of people helping in their communities, becoming NHS responders, delivering supplies and medicine, and supporting local foodbanks. Employees also gave their time through virtual volunteering opportunities with charity partners and students.

Belfast office, Northern Ireland Children's Hospice

As mentioned above, many of our offices have chosen individual local charities to partner with and fundraise for. To support these partnerships centrally, we provided some additional funding once lockdown began.

We donated £22,500 to support the National Emergencies Trust's Coronavirus Appeal. Money raised through this appeal is distributed to 47 UK Community Foundations. A further donation of €3,000 was made to the Community Foundation for Ireland's Covid-19 Response Fund, which aims to help the immediate needs of organisations impacted by the pandemic.

We are excited to have signed the C-19 Business Pledge, which demonstrates our commitment to our employees, clients, and community throughout the COVID-19 crisis and beyond. Founded by former UK cabinet minister, Rt Hon Justine Greening, and UK entrepreneur David Harrison, the aim of the C-19 Business Pledge was to mobilise the immediate response to the pandemic. Over 300 organisations globally have made the pledge, representing over 2.5 million employees.

Our partnerships

This year we launched our partnership with the School for Social Entrepreneurs (SSE). We are funding a six-month course for 16 social entrepreneurs from across the UK who are at the start of their journey of building their businesses. Social enterprises are businesses with a clear social or environmental mission, who aim to change the world for the better. Like traditional companies, they aim to make a profit, but social enterprises aim to reinvest profits or surpluses to create positive social change. SSE moved all their modular learning blocks online, allowing the course to continue as planned during lockdown.

The Brokerage is a City of London-based social mobility charity that connects young Londoners with employers. They help young people achieve their career potential through work experience, employability skills and jobs in financial, professional and related services. Our Learning and Development teams have run two virtual sessions with them on personal brand and CV and interview skills. We also have colleagues from across the business who have signed up to mentor Year 13 students from London boroughs, helping them to develop professional skills and increase their aspirations in the world of work.

Skills Builder have been one of our longest running partners. They have grown from a start-up social enterprise to a thriving business. Over the course of our five years partnering with Skills Builder, we have hosted over 60 sessions across eight offices, with over 1,500 students and more than 60 volunteers from across Brewin. We were able to host groups of students in our offices in London, Newcastle and Nottingham at the start of the year. Once lockdown began and schools closed, we were able to take part in a virtual session, where our volunteers spoke about their jobs and careers, and answered the students' questions about working life and applying Skills Builder's essential skills at work.

Shrewsbury office, Shrewsbury Food Bank

Carrie Heron
Edinburgh

Agility & Resilience:

Giving time to support local causes

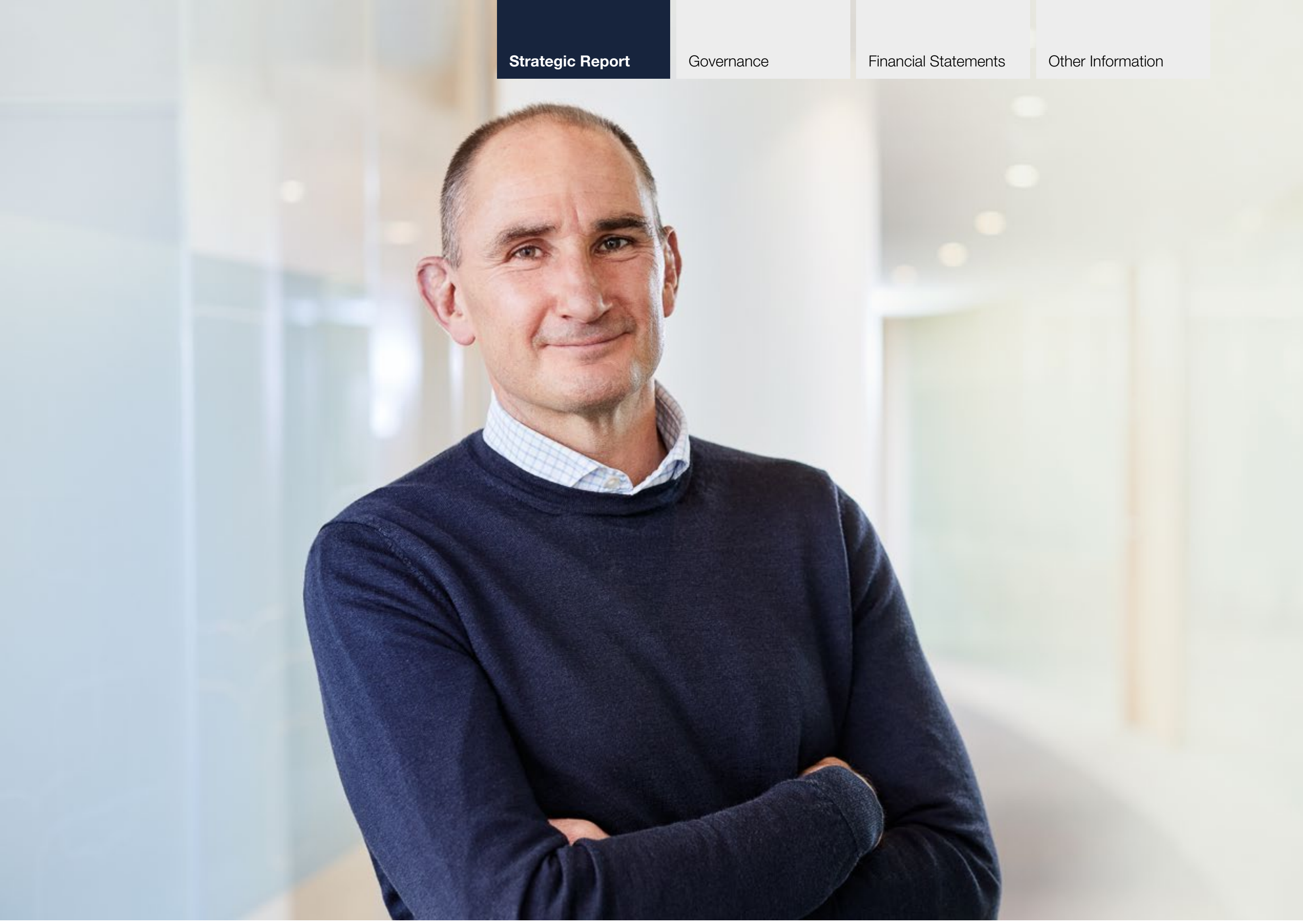
Brewin Dolphin gives all employees one day a year to volunteer for a charitable cause that is important to them. This year, in the wake of the pandemic, we increased that to five days and encouraged everyone in the business to make a difference to their communities. Carrie Heron from our Edinburgh office volunteered for CCLASP.

Hands-on support

CCLASP stands for Children with Cancer and Leukaemia, Advice and Support for Parents. It is a local charity based in Edinburgh, that provides support and advice for the parents of children from across Scotland suffering with cancer and leukaemia.

I have volunteered for them previously, with my colleague Louise. We normally help out at Christmas time, helping them to prepare for their festive events, such as parties, putting together gift packages from Santa. After Covid hit though, there were other packages to be put together.

Lots of children suffering from cancer and their families had to shield for up to 14 weeks during lockdown. So Louise and I helped by putting together more practical food packages – dry goods, tinned goods, fresh fruit and veg, toiletries – plus a goodie bag for the children with crisps, sweets, colouring books and so on. We do volunteer every year, but the pandemic has made already difficult situations even harder. It's very humbling to be able to make a small difference.



Gordie Houston
Birmingham

Agility & Resilience:

Bringing the team together to raise money for charity

Brewin Dolphin encourages colleagues to raise funds for charities of their choice, and supports them to do so. At the start of the pandemic, with many charities facing significant reductions in income due to reduced opportunities for fundraising, the business suggested a series of local fundraising challenges – either in teams or offices, raising over £70,000 in total. Gordie Houston co-ordinated the Birmingham office effort.

Around the world

Earlier in 2020, we selected Midlands charity Help Harry Help Others as the Birmingham office's charitable partner for the year. We had planned to support them with a number of charity activities including a golf day, but these had to be cancelled due to the pandemic. So we had to think of another way to raise money for them.

I came up with the idea for Round the World in 80 Days, because it gave us a good challenging target – 25,000 miles to be covered in 80 days. People were able to walk, run, cycle or swim to help us cover the distance.

The response was fantastic. Out of 63 people in our office, 56 signed up and joined in. We raised over £7,500 through friends and family, and it gave the whole office a real sense of togetherness at a time when we were all getting used to working remotely.

Managing our risks

Effective risk management is key to the success of delivering our strategic objectives. Our approach to risk management continues to evolve as the risk landscape changes; it ensures timely identification, assessment, and management of the principal risks to our business.

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

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

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

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

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

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

Risk Management Framework

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

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

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

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

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

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

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

Risk management process

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

Business risks

Financial risks

Operational risks

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

Risk Management Framework

Top down risk management

Board

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

Risk Committee

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

Audit Committee

- Assists the Board in gaining assurance as to the integrity of the Financial Statements and the effectiveness of the system of internal controls.
- Monitors the effectiveness and objectivity of internal and external auditors.

Risk Management Committee

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

Business risks

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

Financial risks

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

Operational risks

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

Bottom up risk management

Risk identification and assessment

- Risk and Control Self Assessments to identify the key risks for each department, for business change activities, and for new products and services.
- A horizon scanning forum is in place to identify and assess emerging risks, and establish ownership for mitigation and management of those risks.
- Assessment of inherent (pre-control) and residual risk (post-control).

Risk mitigation and management

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

Risk monitoring and reporting

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

Risk assurance

- Internal auditors evaluate the adequacy of process and systems, and test the operating effectiveness of key controls.
- Control monitoring teams are in place, undertaking both regular control sampling and thematic reviews.

Principal risks - gross risk assessment

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

Business risks	Financial risks	Operational risks
1: Propositions	3: Counterparty default	4: Regulatory & legal compliance
2: Acquisitions		5: Change management
		6: Conduct
		7: Resilience
		8: Fraud

Responding to risks

- Resilience has been crucial during 2020, and our crisis management teams have been in full operation in response to COVID-19. We have provided continuity of service to our clients, and evidenced our capability to effectively respond to a crisis from a people, processes and systems perspective, in addition to our financial resilience.
- We held an in depth risk workshop with our Risk Committee and Executive Committee members, focusing on business risks, e.g. the risk of losing key staff and clients, and focusing on emerging trends within the financial sector and broader societal themes, e.g. sustainability.
- Financial market uncertainty has significantly increased. We regularly stress test our funds, profit, cash, and regulatory capital to understand and plan for situations which could result in the need to amend our business strategy.
- Change management governance and oversight has been a significant focus during the period as we have completed the implementation of a new client management system, and are progressing with the implementation of a new custody and settlement system.
- We have successfully implemented a Governance, Risk and Compliance tool in 2020, aggregating risk-related data into a single application, providing enhanced analytical capabilities to identify risk trends, and workflow capabilities to enhance the efficiency of how we manage risk.
- The pipeline of regulatory change remains a focus, including our preparations for a new prudential regime for investment firms, due to be implemented in summer 2021. In addition, we continue to be focused on Brexit and have a Brexit Steering Committee in place to co-ordinate the Group's preparation for EU withdrawal.

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

Principal risks and uncertainties

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

Key to our strategic outcomes

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

Read more on page 22 for 'Our Strategy' and page 24 for KPIs for further information in relation to the primary strategic impact.

Business risks

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

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
1 Propositions Risk owners: Managing Director of Advice and Innovation, and Managing Director of Wealth and Investment	The risk of propositions being uncompetitive and not meeting the needs of our clients, resulting in a failure to attract new clients or existing clients leaving, e.g. risk of not meeting increasing demand for sustainability focused investment solutions.	RG	• Dedicated resources to develop, test and launch new service offerings. • New service offerings are piloted before broader rollout. • Two key hires recruited into the sustainability team, driving the Group's sustainability strategy and responsible investment propositions, considering environmental, social and governance factors, including climate change.	• Number of new clients, client pipeline, net flows, funds under management.	▲ Client needs are changing and there is increasing demand for different investment solutions.
2 Acquisitions Risk owner: Acquisition Executive Sponsor	The risk of acquisitions not achieving strategic objectives or resulting in unidentified liabilities post completion.	RG	• Acquisitions form part of the Change Management Programme governance. • Post completion metrics are monitored.	• Income, client and staff retention, client complaints.	▼ We have significantly progressed integration activity for the acquisitions completed in the prior period.

Financial risks

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

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
3 Counterparty Risk owner: Chief Financial Officer	Default by our banking counterparties could put our own or our client cash deposits or assets at risk of loss.	CS	• A Financial Risk Management Framework is in place which includes managing the Group's exposure to counterparty credit risk; setting and monitoring counterparty limits. • Diversity across our banking counterparties. • Due diligence is undertaken for all banking counterparties. • A Financial Risk Committee provides oversight of the Financial Risk Management Framework.	• Proportion of money held per banking counterparty. • Banking counterparty ratings. • Changes in the risk profile of banking counterparties. • Credit Default Swap spreads.	▲ The risk externally has increased due to the challenging economic environment. However, in response we have increased diversification of money held per banking counterparty.

Operational risks

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

Principal risk and risk owner(s)	Nature and potential impact of the risk	Primary strategic impact	Mitigating factors	Examples of risk metrics monitored	Movement in the year
4 Regulatory & Legal Compliance (Risk owner: Chief Risk Officer)	This is the risk that we are not compliant with all existing applicable regulation and legislation, which could lead to regulatory enforcement action.	CS	• Compliance and Legal functions monitor and oversee fulfilment of our regulatory and legislative requirements and interactions with our key regulators. • We execute against a robust compliance monitoring plan, and have strong governance in place to identify issues and ensure any required actions are completed.	• We have dashboards in place to monitor each regulatory risk which includes assessment of the control environment, regulatory interaction, issues and breaches.	◀▶ We have completed actions for the key potential issues identified as a result of our governance processes. However, the regulatory and legal environment will be impacted by Brexit.
5 Change Management (Risk owners: Chief Risk Officer and Chief Operating Officer)	The risk that business and regulatory changes are not delivered. This could restrict the firm's ability to achieve its strategic objectives of revenue growth and operational efficiency.	IE	• A Business Change Board with Executive Committee representatives oversee and challenge the change management programme. • Change management is centralised within a Change and Transformation team.	• Project status taking into account risks, issues, budget, resources, internal and vendor deliverables.	◀▶ Although we have successfully completed the implementation of a replacement client management system in the period, material reduction in Change Management risk will be achieved following replacement of the custody and settlement system.
6 Conduct (Risk owner: Group Head of Investment Governance)	This is the risk of not delivering fair outcomes for clients.	CS	• Tone from the top sets a culture which puts delivering fair outcomes for clients at the core of the Group's activities/ethos. • A conduct risk framework sets our approach to conduct risk governance and the ongoing assessment, monitoring against key metrics and reporting of conduct risk. • A conduct risk dashboard is in place, enabling detailed monitoring and oversight of conduct risk at an individual employee level. • A risk based client on-boarding process which ensures that we understand our clients' needs and attitudes to risk. • A quality assurance process to identify and address any instances where the best outcomes for clients are not achieved. • Robust investment governance supported by an Investment Governance Committee and a dedicated research department.	• Client service reviews. • Quality of advice. • Asset allocation. • Portfolio turnover. • Client complaints.	▲ Increased market volatility has led to increased trading and changing client requirements.
7 Resilience (Risk owners: Chief Risk Officer and Chief Operating Officer)	This is the risk that the Group does not have the ability to respond to, recover and learn from operational disruption to core business activities.	CS	• A dedicated Information Security, Data Protection and Operational Resilience team reports directly to the Chief Risk Officer. • Crisis management scenarios are undertaken with external providers to test the roles and responsibilities of the crisis management response teams. • We engage independent parties to act undercover and simulate attacks. • We have a third party security specialist in place to ensure the resilience capabilities of our third parties.	• Technology resilience and potential vulnerabilities. • Key person dependencies. • Service disruptions.	▲ The external threat of operational disruption increases. We continue to mature our approach to mitigating this risk.
8 Fraud (Risk owner: Chief Risk Officer)	The risk of unauthorised gain or transfer of company or client assets, and the risk of unauthorised access to or corruption of information.	CS	• All expense payments are requested, approved and administered using a spend management platform with in built controls. • Robust controls are in place for the requested change of payee bank account details. • Threat scanning for potential cyber risks. • Simulated phishing programme in place to ensure familiarisation with phishing attacks.	• Fraud attempts. • Internal process monitoring results. • Security threats. • Phishing testing results.	▲ Heightened external risk, particularly related to cyber, as fraudsters take advantage of the COVID-19 pandemic.

Going concern

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

The Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk are described in note 30 to the Financial Statements.

The Directors believe that the Group is well placed to manage its business risks successfully. The Directors assess the outlook of the Group by considering its Medium-Term Plan ('MTP') as well as the results of a range of stress tests. The MTP takes into account both the COVID-19 pandemic and Brexit and the resultant economic uncertainty and volatility. The stress tests, including a reverse stress, enable the modelling of the impact of a variety of external and internal events on the MTP; identify the potential impact of stress events on the Group's income, costs, cash flow and capital; and enable the Directors to assess management's ability to implement effective management actions that may be taken to mitigate the impact of the stress events (see note 3bii to the Financial Statements for detail).

These tests demonstrated that the Group has adequate resources, including cash, to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the Financial Statements.

In forming their view, the Directors have considered the Group's prospects for a period exceeding 12 months from the date on which the Financial Statements are approved.

Viability statement

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

The assessment is based on the Group's Medium-Term Plan ('MTP'), the Internal Capital Adequacy Assessment Process ('ICAAP') and the evaluation of the Group's principal risks and uncertainties (see pages 47 and 48), including those risks that could threaten its business model, future performance or solvency.

The Group maintains a five-year MTP as part of its corporate planning process, which is a financial articulation of the Group's strategy. The financial forecasting model is predicated on a detailed year-one budget and higher level forecasts for years two to five. As part of preparing the MTP, the Board takes into consideration the impact of external factors and this year in particular the impact of the COVID-19 pandemic and the resulting economic uncertainty, in the projections.

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

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

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

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

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

In addition, the Group has prepared for the UK leaving the European Union without a withdrawal agreement. Both these analyses do not present any reason to believe the Group will not remain viable over the longer term.

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

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

Non-Financial Information Statement

The following section provides the key areas of disclosure in this Annual Report required by sections 414CA and 414CB of the Companies Act relating to non-financial reporting and references to where further information can be found. All policies have an accountable person who attests that the policy is fit for purpose prior to it being reviewed and approved by the relevant committee on an annual basis, the relevant committee for each policy is set out in the table below.

Policy	Policy objective	Outcomes/impact/action taken
Employees The Group values its people and their wellbeing. It is strongly committed to the engagement, development and recognition of its employees and is mindful of the impact of culture. Further details on HR policies and employee related outcomes can be found on pages 38 - 39 and 62 - 63.		
Employee handbooks Approved by the Executive Committee	The handbooks outline values, culture, benefits etc. They are designed to improve engagement among staff and are an important element of the recruitment process.	Employees are updated on general policies, guidelines and benefits and understand what action to take if problems occur in order that issues are dealt with fairly and consistently.
Health and Safety Policy Approved by the Risk Management Committee	The policy ensures that the Group complies with legislation to protect its employees and clients and provides a suitable and safe environment for clients, employees and anyone affected by the Group's operations.	Annual risk assessments are completed and actions identified to improve the health and safety of employees. For further information see page 36.
Senior Managers Individual Accountability Policy Approved by the Executive Committee	The policy ensures that the Group's regulatory obligations in respect of Senior Manager's training and competence requirements and the assessment of their ongoing fitness and propriety are met.	Senior Managers have access to training and are encouraged to develop their knowledge. Bi-annually a report is submitted to the Risk Management Committee identifying exceptions, issues and breaches accompanied by recommendations.
Training and Competence Scheme Approved by the Executive Committee	The scheme ensures that the Group meets its regulatory obligations in respect of training and competence and that clients receive suitable advice, fair outcomes and high standards of service by helping to ensure that employees are fit and proper.	Competency is maintained through training and ongoing supervision.
Environment The Group does not have a specific policy in relation to environmental matters. As set out in the Environmental, Social and Governance ('ESG') section on page 34, our impact on the environment is largely through UK-based travel and the consumption of resources and emissions at the buildings in our branch network. Further details of initiatives are set out in the ESG section. The Group's Greenhouse Gas Emissions report can be found on page 101.		
Social Matters The Group does not have a specific policy in relation to social matters. However, as detailed in the Corporate Social Responsibility ('CSR') section, see pages 40 to 41, we strive to make meaningful contributions to the local communities in which we operate.		
Vulnerable Clients Policy Approved by the Investment Governance Committee	The policy defines vulnerable clients and the Group's approach to supporting them, managing them sensitively and taking into account their specific needs.	Systems are in place which allow Certified Persons to record when a client is vulnerable and to ensure the client has all the support to ensure they understand information provided and implications of decisions they make. Training on the policy takes place on a periodic basis.
Data Protection Policy Approved by the Risk Management Committee	The policy sets out the responsibility of the Group, Board, Executive Committee, staff, contractors and consultants to comply fully with GDPR and the UK Data Protection Act 2018.	Data security and awareness training is provided to Group personnel on an annual basis. Risk and Compliance teams perform monitoring and IT security oversee the implementation of appropriate tools to perform monitoring.
Achieving Fair Outcomes for Clients Policy Approved by the Investment Governance Committee	The policy sets out the requirements to ensure the Group delivers fair outcomes for its clients, underpinning the way the Group does business which is embedded into its culture, policies and procedures.	Mandatory conduct training is undertaken by all Group personnel. Group personnel are adequately trained, supervised and must remain competent in their responsibilities and comply with legal regulatory standards. Management Information is reviewed periodically by committees including the Investment Governance Committee.
Vendor Management and Outsourcing Policy	See Anti-Corruption and Bribery section below.	
Complaints Policy Approved by the Investment Governance Committee	The policy ensures that all client expressions of dissatisfaction alleging financial loss, material distress or inconvenience are resolved fairly resulting in good client outcomes.	Complaints handling management information is reported to the Chief Risk Officer and Board as appropriate.

Policy	Policy objective	Outcomes/impact/action taken
Human Rights The Group's exposure to human rights issues is limited, so we do not have specific policies for this. We take a zero-tolerance stance on slavery and human trafficking within our workforce and supply chain and a rigorous vendor due diligence is completed regularly on suppliers. The Group's Modern Slavery and Human Trafficking Statement can be found on our website. See the ESG section on page 34 for more information.		
Modern Slavery Policy Approved by the Board	The policy outlines the Group's position in relation to modern slavery and establishes a framework to facilitate the monitoring and supervision of internal and external business dealings to ensure we are not directly or indirectly facilitating modern slavery of any kind and satisfy our legal obligations.	Modern slavery training is provided to staff to be considered at higher risk of encountering incidents of modern slavery. Due-diligence is carried out prior to onboarding any vendor asking for confirmation of their adherence to Modern Slavery Law.
Speak Up Policy Approved by the Audit Committee	The policy provides guidance on regulatory obligations and expectations concerning whistleblowing arrangements, encouraging staff to report suspected wrongdoing and concerns as soon as possible without fear or reprisals.	An annual Speak Up Report is submitted to the Speak Up Champion and Audit Committee. Appropriate training is provided to Group personnel.
Anti-Corruption and Bribery		
Anti-Bribery and Corruption ('ABC') Policy Approved by the Audit Committee	The policy sets out the Group's requirements in respect of Anti-Bribery and Corruption, helping to prevent Group personnel and other associated parties from committing acts of bribery and provide guidance to those working for the Group on how to recognise and deal with bribery and corruption issues.	ABC management information is reported to senior management including Risk Management Committee and breaches are identified, monitored and reported. ABC training and awareness is available for all Group personnel.
Vendor Management and Outsourcing Policy Approved by the Risk Management Committee	The policy ensures the Group enters and maintains relationships with vendors on a commercial footing and is compliant with all relevant laws and regulation.	Vendor management and outsourcing management information is reported to the Risk Management Committee on a regular basis.
Conflicts of Interest Policy Approved by the Audit Committee	The policy sets out minimum standards to identify and manage conflicts of interest and take appropriate steps to identify, prevent or manage conflicts that may arise in carrying out business activities and also maintain effective arrangements to prevent conflict causing damage to a client's interests.	A Conflicts of Interest register is maintained and reviewed by the Risk Management Committee bi-annually and the Audit Committee annually. Mandatory training is an annual requirement for all Group personnel along with an annual declaration to disclose any Conflicts of Interest.
Gifts and Hospitality Policy Approved by the Risk Management Committee	The policy sets out the requirements that must be observed in relation to giving or receiving gifts, hospitality to clients and third parties, so that Group personnel understand the risks in relation to gifts and hospitality.	Gifts and hospitality management information is provided to the Risk Management Committee on a monthly basis. Additionally there are periodic checks of gifts and hospitality.
Anti-Money Laundering and Counter-Terrorist ('AML & CT') Financing Policy Approved by the Audit Committee	The policy sets out to mitigate the risk that Group could be used to further financial crime (including money laundering and/or terrorist financing) which meets the objectives of the regulators and applicable laws.	AML & CT management information is provided to the Risk Management Committee and the Audit Committee and an annual report is submitted to the FCA. Mandatory training is an annual requirement for all Group personnel.

Description of principal risks and impact of business activity
see Principal Risks page 44.

Description of the business model
see Business Model page 12.

Non-financial key performance indicators
The Group uses non-financial information in all aspects of its business, from development of its business model and strategy (pages 12 and 22) to reviewing and measuring the principal risks (pages 47 and 48) and the performance of the business (pages 28 to 33). Key non-financial KPIs relate to client satisfaction and employee engagement; more information can be found on pages 38 and 39.

The Risk Committee and Audit Committee consider non-financial matters as a matter of routine; their reports can be found on pages 72 and 74 respectively.

Agility & Resilience

Governance

“What binds us together is a sense of purpose, a shared set of values and a strong culture.”

Simon Miller
Chairman

A leadership team creating sustainable shareholder value

Simon Miller
Chairman

Robin Beer
Executive Director

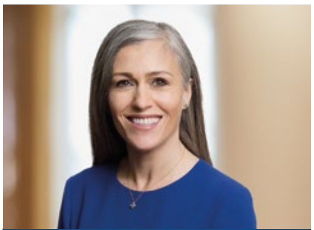
Siobhan Boylan
Executive Director

Ian Dewar
Senior Independent Director

Kath Cates
Non-Executive Director

Michael Kellard
Non-Executive Director

Phillip Monks
Non-Executive Director



Simonetta Rigo
Non-Executive Director

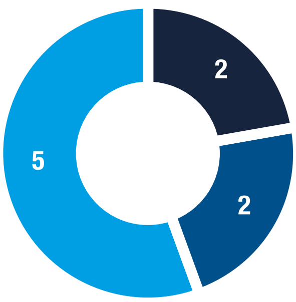
Caroline Taylor
Non-Executive Director

Committee membership

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

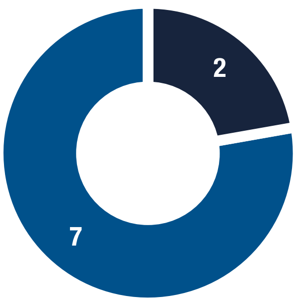
As at 30 September 2020

Length of tenure



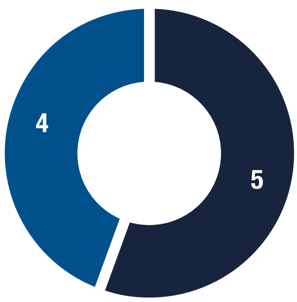
- 6 years+
- 3-6 years
- 0-3 years

Balance of Executive and Non-Executive Directors



- Executive Directors
- Non-Executive Directors

Gender diversity



- Male
- Female

Simon Miller
Chairman

N R

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

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

Current external appointments: Chairman of BlackRock North American Income Trust PLC, and Chairman of Hampden & Co. Senior Independent Director of STV Group PLC.

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

Robin Beer
Executive Director

Appointed: Chief Executive Officer June 2020. Joined the Group in 2008.

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

Previous experience: Prior roles at National Australia Bank, Gerrard and Barclays. Member of the Group's Executive Committee since 2016.

Siobhan Boylan
Executive Director

Appointed: Chief Financial Officer March 2019.

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

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

Ian Dewar
Senior Independent Director

A R RK N

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

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

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

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

Kath Cates
Non-Executive Director

A N RK

Appointed: December 2014, Chair of the Risk Committee September 2015. Senior Independent Director until July 2019. Kath will not seek re-election as a Director at the next AGM.

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

Current external appointments: Non-Executive Director and Chair of the remuneration committee for RSA Insurance Group plc, Non-Executive Director of Threadneedle Investment Services Limited. Non-Executive Director of Threadneedle Asset Management Holdings S.A.R.L, Threadneedle Pensions Limited. Non-Executive Director of United Utilities Group PLC and TP ICAP plc with effect from 1 February 2021.

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

Michael Kellard
Non-Executive Director

A

Appointed: December 2017.

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

Current external appointments: Director Brae Lea Financial Ltd.

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

Phillip Monks
Non-Executive Director

Appointed: February 2020.

Key areas of experience: Financial services.

Current external appointments: Chief Executive Officer of Aldermore Group PLC.

Previous experience: Chief Executive Officer of Europe Arab Bank PLC and Gerrard Ltd and senior management positions at Barclays Bank Ltd.

Simonetta Rigo
Non-Executive Director

RK R

Resigned: November 2020.

Appointed: June 2018.

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

Current external appointments: Advisory Board Membership at Surrey Business School.

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

Caroline Taylor
Non-Executive Director

A N R

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

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

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

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

Chairman's introduction to corporate governance

Simon Miller
Chairman

The Board remains committed to providing effective leadership within the corporate governance framework to enable the delivery of our strategy and create long-term value for all of our stakeholders.

We hold eight scheduled Board meetings each year and meet informally on other occasions. This year, as a result of the COVID-19 pandemic, the Board has had to adapt to a new way of conducting its engagement with each other. The governance structure enabled us to successfully manage new working practices. I am proud of the way that the business swiftly adapted its working practices during this turbulent time. Further information on our COVID-19 response can be found on pages 66 to 67.

We place importance on the responsibilities which we have towards our stakeholders, page 65 set out the key stakeholders and how their interests have been taken into account in the decision-making process. Caroline Taylor is the Board's representative for employee engagement. This role has been particularly important in the current environment. She attended employee forums organised by our network of Engagement Partners and reported her findings to the Board. Please see page 62 for more information. Her feedback was that the Engagement Partners had been highly effective in their role, that employees generally felt connected to the leadership and that morale remained high.

We believe that our culture is strong and we are proud of our values, Genuine, Expert and Ambitious. These continue to be fully supported by the Board. The Board considers that a positive culture is vital to the delivery of long-term value for our stakeholders. In 2020 we ran the sixth Employee Engagement Survey. The survey is a valuable way for the Board to understand the views of our employees and in turn enhances business performance. This year our engagement score increased.

There have been a number of Board changes in the year. David Nicol retired as Chief Executive and Kath Cates has decided not to seek re-election at the 2021 AGM following six years with the Company. I have already expressed my thanks to David for the last seven years as Chief Executive and I should like to pay tribute to Kath for her valuable contribution as Chair of the Risk Committee and a Non-Executive Director. Simonetta Rigo resigned on 13 November 2020 in order to take up an executive role and Charles Ferry will be appointed as an Executive Director with effect from the conclusion of the 2021 AGM, subject to regulatory approval. Further details are contained in the Nomination Committee report on pages 70 to 71.

Robin Beer replaced David Nicol as Chief Executive Officer in June 2020. The relationship between the Chairman and the Chief Executive Officer is key to the success of the Board as a whole and depends on a shared purpose. Throughout his time at Brewin Dolphin, Robin has been a strong advocate of our culture. Culture will continue to be the foundation for the future success of the Group. Further information about the Chief Executive Officer selection is on page 71.

As mentioned in last year's report, I became Chairman in 2013 after joining as a Non-Executive Director in 2005. The 2018 Code states that service of more than nine years should be a critical factor in succession planning. As such I have decided to step down at the 2021 AGM. Ian Dewar, as Senior Independent Non-Executive Director, led the search for my replacement. I took no part in the process. Toby Strauss will become Chairman following the AGM in 2021 and I am confident that he will be a success and carry the Group through the next stage of its strategy. Toby and Robin will continue the collaborative and strong relationship between Chief Executive Officer and Chairman. There is further insight into the search process on page 71.

New appointments enhance debate around the Board table and I am comfortable that all of the changes will strengthen our ability to achieve the Group's strategic aims.

Our Committees continue to operate effectively. Further information on the work of the Committees can be found on pages 68 to 99.

Sustainability is an area of increasing focus for the Group and a Sustainability Committee has been established this year. It will report to the Board via the Executive Committee. The Sustainability Committee will enhance the work we currently do to engage our stakeholders.

This year the AGM will be broadcast via webinar and I encourage shareholders to watch and listen to the AGM proceedings on 5 February 2021. Full details are contained in the Notice of Meeting.

Simon Miller
Chairman

24 November 2020

UK Corporate Governance Code Compliance statement

The Board reviewed the principles and provisions of the UK Corporate Governance Code 2018 (the 'Code'). Following this review, the Board is pleased to confirm that the Company has complied with the Code for the financial year ended 30 September 2020, except for the tenure of the Chairman. As stated last year our Chairman was appointed in 2013. He will not be seeking re-election at the 2021 AGM. The Code can be found on the Financial Reporting Council ('FRC') website, www.frc.org.uk and further information on compliance with the Code can be found below.

Governance framework – leading from the top

Board

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

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

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

Delegated Committees

Audit Committee

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

Nomination Committee

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

Risk Committee

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

Remuneration Committee

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

Executive Committee

The purpose of the Executive Committee is to support the Chief Executive Officer in the implementation and formation of strategy, as well as overseeing the day-to-day running of the Group. It agrees operational decisions that are not otherwise reserved for the Board.

The Committee consists of the Chief Executive Officer, Chief Financial Officer and members of senior management from different areas of the business. The Committee meets monthly.

Disclosure Committee

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

A clear division of responsibilities

The Board has a majority of Independent Non-Executive Directors. Further information on the Directors' range of skills and expertise can be found on pages 54 to 55.

Chairman

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

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

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

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

Chief Executive Officer

Provides leadership to the Group.

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

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

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

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

Chief Financial Officer

Supports the Chief Executive Officer in developing and implementing strategy.

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

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

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

Senior Independent Director

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

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

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

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

Independent Non-Executive Directors

Constructively challenge management and decisions taken at Board level.

Oversee the performance of management in meeting agreed goals.

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

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

Board and Committee attendance record[1]

Member	Independent	Board	Audit	Risk	Remuneration	Nomination
Executive Directors						
Robin Beer[4]	N	3/3	n/a	n/a	n/a	n/a
Siobhan Boylan	N	9/9	n/a	n/a	n/a	n/a
David Nicol[3]	N	6/6	n/a	n/a	n/a	n/a
Non-Executive Directors						
Simon Miller	N	9/9	n/a	n/a	6/6	3/3
Ian Dewar	Y	9/9	7/7	5/5	6/6	3/3
Kath Cates	Y	9/9	7/7	5/5	n/a	3/3
Michael Kellard[5]	Y	8/9	6/7	n/a	n/a	n/a
Simonetta Rigo[6]	Y	9/9	n/a	5/5	5/6	n/a
Caroline Taylor	Y	9/9	n/a	n/a	6/6	3/3
Phillip Monks[2]	Y	5/5	n/a	n/a	n/a	n/a

1. The table shows attendance at scheduled meetings only. The Board and Committees also meet on an ad hoc basis when required.
2. Phillip Monks was appointed to the Board on 10 February 2020. He attended all Board meetings held from his date of appointment.
3. David Nicol stepped down from the Board on 14 June 2020 and attended all Board meetings to that date.
4. Robin Beer was appointed to the Board on 15 June 2020. He attended all Board meetings held from his date of appointment.
5. Michael Kellard provided input prior to the Board and Audit Committee meetings that he was absent from.
6. Simonetta Rigo provided input prior to the Remuneration Committee meeting that she was absent from.

Effectiveness

For the Directors to discharge their responsibilities as set out in the Matters Reserved for the Board, the Board meets at least eight times a year. A full list of Matters Reserved for the Board can be found on our website. In addition, the Board attends a strategy day with executive management to discuss in depth the Group's direction. Details of the Board and Committee attendance at scheduled meetings can be found above. The Board and Committees also meet on an ad hoc basis when required, see pages 66 and 67 for more information on how the Board responded to COVID-19.

How the Board spent its time

Key considerations	Key activities	In practice[1]
Strategy	• The Board held its annual strategy day to discuss the future strategic pillars. • Assessed performance of the Group against previously agreed strategic objectives.	**Board strategy day** Robin Beer led his first strategy day as the newly appointed Chief Executive Officer. The objective was to review the current strategy, purpose and direction of travel to provide clarity and alignment of key objectives. Significant outcomes included the importance of managing strategic priorities, data analysis and client insight. Following the strategy day, Robin Beer cascaded his vision of the future to the Group.
Finance	• Received reports from the Chief Financial Officer including the Medium-Term Plan. • Considered and debated the payment of the interim and full-year dividend. • Considered the Group's Tax strategy.	**Dividend** The Board debated the risks and benefits of the current dividend policy, including the options available in light of the volatile economic environment. It concluded that the total dividend for the year should be 14.3p.
Risk and compliance	• Received reports from the Chief Risk Officer. • Approved the increase in capital to be held following the completion of the ICAAP. • Engaged with the FCA to discuss regulatory updates.	**FCA session** The FCA attended the Board meeting in November 2019 to discuss topical issues relevant to both parties that included: • SREP letter • CASS • Change Management Programme • Outcomes of the 'Your Future Your Say' survey (see page 38 for further details)
People and culture	• Received regular updates from the Group People and Sustainability Director. • Received regular updates on the integration of ICIIL employees. • Updates received from Caroline Taylor, the Employee Engagement representative. • Approved the appointment of the Chief Executive Officer.	**Integration of ICIIL employees** The Board received the results of the Employee Engagement Survey that included an update of the integration of the employees on-boarded from the ICIIL acquisition. The Board considered measures that could be taken to enhance engagement in specific business areas.
Governance	• Established Sustainability Committee. • Framework of oversight around the delivery of change agenda. • Implementation of the UK Corporate Governance Code 2018. • Stakeholder engagement. • Evaluated Board and Committee performance.	**Sustainability** The Board discussed and received presentations on ESG. A Sustainability Committee has been established to define sustainability goals for the Group that align with the Group's strategy. The output of this Committee will be reported in next year's Annual Report and Accounts.

1. The Board considered stakeholders in relation to the above key considerations, more information can be found on pages 64 and 65.

Focus for 2021

The Board will focus on technology, innovation, ESG and expanding our distribution channels in 2021. For further information, please see pages 22 to 23.

Board evaluation

The Board and its Committees undertake an annual evaluation of their performance. The process provides an opportunity to appraise effectiveness and to identify areas of development as well as follow up on actions from the previous review. An externally facilitated evaluation will be undertaken next year.

During the year, the Chairman, assisted by the Company Secretary and the Chairs of the Audit, Nomination, Risk and Remuneration Committees, undertook an internal review of Board and Committee effectiveness. The review was conducted internally using Independent Audit's online tool, Thinking Board. The aim of the tool is to engage respondents, helping them to think through underlying drivers of effectiveness. Independent Audit have no other relationship with the Company.

The Board and all regular Committee attendees were invited to complete the online survey to assess the performance of the Board and its Committees.

Views were sought on a number of topics such as Board composition, culture, working together, succession planning, talent management, technology, strategy and financial reporting and controls. The questionnaires were designed to capture the pace and impact of the agreed development actions from the prior year's review and to assist in identifying areas of focus for the forthcoming year.

The comprehensive output from Thinking Board was analysed and formed the basis of the final reports which were received by the Board and Committee Chairs and discussed at the respective meetings in October 2020. Overall the Board and its Committees continue to operate effectively within an inclusive and open environment. Whilst progress has also been made on the actions identified in the previous effectiveness evaluation, these will continue to be ongoing themes for the following year.

2020 performance evaluation outcomes	Actions taken	Actions for 2021
Oversight of change management by the Board Ensure continued consistent oversight of technological implementation through enhanced reporting and governance.	• Attendance by major technology suppliers at Board and Committee meetings during the year, to ensure continued governance and oversight for new core custody and settlement system. • Independent assurance of effectiveness of projects continued with regular attendance at Board meetings.	**Cyber risk** Continue to evolve and improve the information the Board receives on cyber risks faced by the Group and review mitigation.
Allocation of time to business and strategic topics at Board meetings Review format and content of Board and Committee papers and agendas to enhance information flow, effective debate, decision making and ensure focus on strategic development.	• Improvements made in the year and will be continually worked on.	**Consolidating strategy** Creating dedicated time in meetings to focus on the strategic objectives that matter most to the Group's long-term success, and to ensure consistent articulation of our strategy. This will include reviewing the impact of technology in the short and medium-term, and focusing on developing our ESG strategy.
Sequencing of succession Continued evaluation of tenure and succession for Board and key management positions.	• Changes made to the Board with new Chief Executive Officer and Chairman to be appointed at the 2021 AGM, as well as the addition of a Non-Executive Director and Executive Director. • Succession planning to continue beyond 2021 and will be remit of the new Chairman.	**Board dynamics** Effectively leverage the combined knowledge and experience of existing and newly appointed Board members. The Board continues to make a difference in helping management deliver the strategy.
Engagement with the business outside Board meetings Provide the Board with greater exposure to key business managers.	• Regular attendance by business leaders at Board meetings to engage with Directors about their area of the business.	**Board process** Continuing the progress in structuring the agenda around what really matters to our success.

Employee Engagement

Caroline Taylor
Non-Executive Director responsible for employee engagement

Q What activities did you undertake during the year as the Non-Executive Director responsible for employee engagement?

A As a responsible employer we prioritise employee engagement because we believe that engaged colleagues lead to higher performance which in turn delivers better client outcomes. Therefore, our approach to employee engagement needs to be thorough and considerate.

Since last year we have focused on a number of areas with our Engagement Partners. Engagement Partners work with local management on areas that matter to our people on the ground. Themes included, understanding change across the organisation and how this impacts engagement. We explored how we could improve on the question of "senior leaders are in touch with what really goes on in the organisation", and we provided an update on 'Your Future Your Say' survey 2020.

The importance of workforce engagement and the role of the Engagement Partners has been highlighted during the COVID-19 pandemic. We have been able to engage with the workforce and the communities in which we operate through the established Engagement Partner network. Engagement Partners met on a more regular basis during the lockdown to discuss the response to COVID-19 and workshops were held to discuss topical themes. I attended the workshops in order to provide the Board's perspective on the topics being discussed and was available for questions from the Engagement Partners. I was kept up to date and involved about how employees were managing during the period of remote working. The Engagement Partners met and discussed the importance of listening to employees in unprecedented times, explained different emotional responses to COVID-19 and the hierarchy of needs, we also discussed the role of the Engagement Partner during this time and how to maintain momentum and strike a balance between home and work.

As lockdown continued the Engagement Partners were given action to seek feedback from their teams on how well people felt they were able to perform their jobs and how well they believed Brewin Dolphin was maintaining its services to its clients. We also revisited the topic of senior leaders' engagement.

As well as referring my findings from these sessions to executive and Board members, I provided the Board with formal updates during the year at the Board meeting in order that they could better understand and "connect" with the workforce.

My main finding for the year is that the workforce is engaged and committed to doing the right thing for all its stakeholders. We have much that we are proud of and I look forward to the next year.

Time commitment

The expectation of the Non-Executive Directors' time commitment is set out in their letters of appointment. Copies will be available for inspection at an agreed time at the registered office of the Company. Their attendance, along with Executive Directors, at meetings during the year is set out in the table on page 59.

Directors' conflicts of interest

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

Independence of Directors

All Non-Executive Directors are independent, except for the tenure of the Chairman. See page 57 for further information. The Non-Executive Directors do not hold any positions that conflict with their responsibilities.

Information flow

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

Director evaluation

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

Accountability

An overview of the Group's Principal Risks and Uncertainties and a description of the Risk Management Framework can be found on pages 44 to 48 in the Strategic Report. A description of how the Board has discharged its responsibilities in relation to internal controls and risk management is set out on page 103 of the Directors' Report.

Diversity and inclusion

The Nomination Committee considers the succession planning for the Board as well as receiving the executive succession plan for review and challenge. As part of this process, diversity is considered in respect of race, gender, ability, background and thought as well as the required skillset and experience to ensure that the most suitable appointment is made. We are aware of the recommendation of the Parker Review to increase ethnic diversity on UK boards and participated in the survey issued by the Department of Business Energy and Industrial Strategy. Ethnic diversity is considered as part of recruitment and succession, however, we currently have no members of the Board who fulfil the ethnic diversity criteria as stipulated in the review. We recognise that this an area that we need to improve and have therefore aligned our succession planning goals to the Parker Review's ethnic diversity targets, by 2024.

The Hampton Alexander Review is committed to achieving a 33% target for women on boards and in leadership teams of FTSE 350 companies by 2020. In the FTSE 250 the average number of women on boards in 2019 was 29.6%. The percentage on executive committees and their direct reports in 2019 was 27.9%. We are pleased to confirm that we ranked 6th in the FTSE 250 for our representation of women in senior leadership roles, our Board as at 30 September 2020 was 44%. Following Simonetta Rigo's resignation in November and Kath Cates stepping down at the end of the 2021 AGM, we will no longer meet the Hampton Alexander target of comprising 1/3 women however, the Board remains committed to diversity and fully intends to comply with the targets again during the course of 2021. Our Executive Committee and direct reports at 40%. This year we have gone beyond our Women in Finance Charter target of 35% by the end of 2021 by achieving 40%. We have now stretched our target to 45% by the end of 2023.

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

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

Details of diversity activities for the period can be found in the Our People and Culture report on pages 38 to 39.

Climate change

We are committed to managing the wider social environment and economic impacts of our operations which include the way we deal with sustainability issues.

Brewin Dolphin understands the importance of reporting on our response to climate change. We fully intend to comply with the TCFD disclosure requirements and as a first step we made a CDP disclosure in August this year. Furthermore, we will be answering the TCFD related questions within our first UN PRI report in 2021. Our new Sustainability team has been tasked with designing and implementing Brewin Dolphin's approach as a responsible business, a crucial part of which is the environment. Further details of recommendations made by the TCFD can be found in the table below.

Director induction

The induction programme for on-boarding newly appointed Directors.

Board and governance

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

Business introduction

- Structure
- Strategy
- Market environment

Finance

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

Risk and regulation

- Regulatory landscape
- ICAAP
- Operational risk framework

Other

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

Further details of TCFD recommendations

Corporate governance	See the corporate social responsibility report on pages 40 to 41.
Strategy	Details of the ESG strategy are on pages 34 to 37.
Risk management	The risk management framework is presented on pages 44 to 48, including our principal risks and uncertainties.
Metrics and targets	The Directors report details carbon emissions on pages 101 to 102.

Stakeholder engagement

Engagement with our stakeholders is key to a successful business and is an ongoing part of managing our business. Our six key stakeholders and why we listen to them have been identified on pages 14 and 15.

Our stakeholders	How the Board is kept informed
Clients	• Client engagement reports • Results of the annual client survey • Updates from the Director of Marketing and Communications • Weekly updates of news articles about the Group • Updates on the implementation of Client Engage
Employees	• Updates from the designated Non-Executive Director for employee engagement, Caroline Taylor (see page 62 for more information) • Reports from the Group People and Sustainability Director • Results from the annual Employee Engagement Survey (see page 38 for further information) • Feedback and attendance at Group events such as Women@Brewin • Board visits to regional offices provide an opportunity to receive direct feedback from employees
Shareholders	• The Chairman, Chief Executive Officer, Chief Financial Officer and Chair of the Remuneration Committee engaged with major shareholders directly and indirectly • Engagement topics included executive remuneration, dividend and capital allocation • Regular broker reports are provided to the Board that detail shareholder feedback • The Company's AGM is an opportunity for all shareholders to meet and question the Directors and senior management • The Board receives feedback from investors after the full and half year results announcements from the Investor Relations team
Regulators	• Regulatory updates provided by the Chief Risk Officer that included details of engagement with the FCA's supervisory team. The FCA attended the Board meeting in November 2019 • Chairman and Senior Independent Non-Executive Director met with the FCA during the year to discuss factors that affect the business including succession • Feedback from trade bodies, agencies and supervisory bodies • The Board and Committees take the views of the regulator into consideration when agreeing the Group's Risk Framework as well as the design of remuneration structures
Suppliers	• Attendance at Board meetings by major IT suppliers in order to ensure accountability and maintain good relationships • Regular reporting from the business to update on performance of major suppliers
Society	• Regular report to the Board by Group People and Sustainability Director and Employee Engagement Partner • The Board received updates on CSR reporting including volunteering and charitable donations • The Board received a presentation on ESG and the new Sustainability Committee

How stakeholder interests have influenced Board decision making

See S172 stakeholder engagement section on pages 14 to 15 for details of how the Group engages with its stakeholders.

Key decisions and discussions	Stakeholders	How the Board considered stakeholders during the year	Annual report sections
Chief Executive Officer appointment	Employees Shareholders Regulators	The interview process focused on the abilities of each candidate to lead the Group into the next chapter of its strategy. In particular, consideration was given to the leadership style of the individuals including the likely fit with the Group's culture and values, as well as the message it would send to the Group's employees. Our regulators were updated on progress of the process and interviewed Robin Beer prior to his formal appointment.	See page 71 for details of the recruitment process. See pages 38 and 39 for details of the Group's culture.
Capital allocation	Shareholders Employees Clients	The Board takes into consideration the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns, while recognising that there may be a requirement, at times, to retain capital within the Group to deliver its strategy. The Group's employees are key to the delivery of the strategy and the allocation of resources to implement the strategy needs to be balanced with providing shareholders with sustainable returns. Equitable allocation of resources is a key factor in employee morale. Successful implementation of the strategy will benefit both current and future clients, as the Group continues to evolve its propositions and maintain their relevance.	See Chairman's Statement and the Financial Review on pages 6 and 28.
Establishment of Sustainability Committee and allocation of resource for an increased focus on sustainability and ESG	Society Clients Employees Shareholders Suppliers Regulators	The Board recognised that there was a need to formalise its approach to sustainability and ESG. Understanding that it encompasses all of our stakeholders through the three pillars as explained on pages 34 and 35; responsible investment, stewardship and being a responsible business. This initial step will ensure all our stakeholders' expectations are considered and met appropriately. For example, the provision of ESG investments for our clients will allow them to exercise greater choice over their investments and if they wish, overlay their sustainability ambitions. Our employees, in line with society, have a greater focus on sustainability and it is very much part of the Group's culture to "do the right thing". The environment and climate continue to be key areas for regulators and the establishment of the Sustainability Committee will secure appropriate focus on this important area.	See Environmental, Social and Governance section on page 34 and 35.

Governance in practice – COVID-19 response

How the events unfolded

Stage 1 – Early impact & readiness

10 Feb	First colleague COVID-19 communication
9 Mar	Executive & Senior Crisis Management teams established
12 Mar	Scenario plans documented
15 Mar	Home working guidance published
16 Mar	Critical process changes published to enable remote working
17 Mar	80% of colleagues move to home working Review of critical vendors completed Chief Executive Officer communication to all clients
19 Mar	Weekly Board briefings commence
23 Mar	97% of colleagues move to home working
24 Mar	Second Chief Executive Officer communication to all clients

Stage 2 – Remote working

2 Apr	Annual leave / sickness policy changes
6 Apr	Emergency colleague loan facility communicated
9 Apr	Third Chief Executive Officer communication to all clients

Stage 3 – Restoration

4 Jun	COVID-19 secure office design signed off
8 Jun	2 new Keeping the Show on the Road ('KSOR') offices opened Face to face client meetings reintroduced and guidance published
6 Jul	3 pilot offices reopened
3 Aug	A further 21 offices reopened
7 Sep	London head office and other metropolitan offices reopened
10 Oct	Scottish offices reopened

Stage 4 – Second lockdown

Oct/Nov	Continued compliance with local Government guidelines

Our response teams

Board

The Board has taken a hands-on approach to managing our COVID-19 response, providing guidance and direction to the Executive Committee and Crisis Management Team on all aspects of the plan, bringing valuable external insight on how other firms are handling similar challenges.

Executive Committee

As the senior leadership team with responsibility for day-to-day operations of the business, the Executive Committee has overseen our COVID-19 response. As the events started to unfold, the Executive Committee was meeting on a daily basis as it sought to understand the scale of the challenges, and the options available to continue to serve clients safely and to ensure the wellbeing of colleagues. With the aim of rapidly responding to the evolving situation, the Executive Committee worked collaboratively, making rapid decisions and providing the clear direction needed.

Crisis Management team

With representatives from our client facing and support teams, this team has been responsible for determining, directing and executing the tasks required to keep our colleagues and clients safe and run the business. Activities have included colleague and client communications, process redesign, risk assessments, HR policy changes, office redesigns, project management, operational monitoring, and leadership support.

How we have helped our colleagues

Working from home

On the day that the UK government announced a nationwide lockdown, 97% of our employees were already working from home. All employees had laptops, homeworking capabilities and video conferencing tools, enabling us to be fully operational from day 1, with no degradation of service. Our technology team oversaw an 800% increase in remote connections, a 1,600% increase in video calls and an initial 300% spike in support calls and chats. As homeworking appeared to be a longer-term need, the Executive Committee provided all colleagues who needed it with a £100 allowance towards the cost of equipment such as a screen or ergonomic chair.

Keeping the Show on the Road ('KSOR')

Critical to preserving service was a small number of KSOR colleagues located in Edinburgh, Newcastle, and more latterly Edgbaston and Bath who volunteered to work from the office to process mail and print critical documents, alongside a small number of other critical office based tasks.

Wellbeing

As an organisation, we were already committed to providing benefits, support and opportunities that educate and enable colleagues to be proactive in maintaining their wellbeing, while having access to the right support when needed. As part of our COVID-19 response, we have increased our focus on social wellbeing. We have a network of Wellbeing Champions who are trained as Mental Health First Aiders. Their role is vital in supporting colleagues as well as letting us know where we can add the most value with our wellbeing initiatives and support. We have also been rolling out resilience training for all employees and Managing Mental Health training for our line managers. We have provided colleagues with a series of interactive webinars on the topics of resilience, healthy eating, and sleep.

Communication

We focused on ensuring our communications have been timely so that people had the right information and support at the right time. We have an initiative called 'Singing from the balconies' which has mainly focused on sharing entertaining and uplifting videos to show what colleagues have been doing during lockdown, including our senior leaders.

Team Brewin

Colleagues in all parts of the business have held virtual events such as quizzes, cook-alongs and challenges to encourage exercise, such as 'climbing Everest' as a team. In most cases the teams have raised significant sums for charities while doing this.

Financial wellbeing

During the uncertainty of the pandemic, we looked to provide financial wellbeing support. No colleagues have been furloughed and we have not made any staff redundant directly because of the pandemic. In addition, we gave access to interest free loans for impacted households and flexible working for those that needed it, which had no impact on pay.

How we have helped our clients

Communication

We recognised that during these periods of uncertainty that our clients needed us more than ever. During this period, our client facing teams have been contacting all clients, sharing valuable insights, and keeping them up to speed with developments.

Process redesign & innovation

As a high touch service, many of our critical processes have been built around face to face meetings and interactions. COVID-19 has acted as a catalyst for innovation with us now accepting, sending and receiving digital signatures and documents, with further enhancements under design and build.

Face to face meetings

We recognised that many clients still needed and highly valued face to face interactions and the best way to serve them was to allow face to face meetings. As lockdown measures were lifted, we provided a safe and highly controlled approach for client meetings to ensure that we could provide a great service to those clients that did not want to discuss their finances on a phone or video call.

How we have transitioned to the new normal

Setting up COVID-19 secure offices

Our Premises and Facilities Team have led the design, set up and control of our COVID-19 secure offices. With a focus on social distancing and hygiene, offices have been provided with additional signage, enhanced levels of cleaning, clear incident protocols and new processes to ensure that colleagues, clients, and other visitors remain safe at all times.

Colleague consultation

A major driver of opening offices has been to help colleagues who were struggling to work from home from a wellbeing and productivity perspective. The return to the office has been completely voluntary and flexible, with employees consulted early in the return to office project.

Managing the uncertainty

We have continued to flex our approach to office-based working in line with local and national requirements. Our strategic intent continues to be to ensure the wellbeing of our colleagues, whilst meeting the needs of our clients and playing our role in limiting the spread of the virus. We continue to communicate frequently with our colleagues and provide the clarity and direction that they need.

Looking ahead

Robin Beer
Chairman of the Executive Committee

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

Following the retirement of David Nicol in June 2020, Robin Beer was appointed Chairman of the Committee on 15 June 2020. He had been a member of the Committee since 2016. Grant Parkinson left the Group in September 2020 and was replaced by Sarah Houlston as Chief Operating Officer.

Committee meetings

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

The Committee has an agreed standard annual agenda to cover key areas in the year. Prior to each meeting, the Chief Executive Officer agrees the agenda with the Group Company Secretary.

Key areas of focus for 2020

Strategy
- Inorganic and organic growth opportunities
- *1762 from Brewin Dolphin*
- BPS
- Brexit
- ESG agenda

Operational
- Change management
- Property portfolio
- Regular updates from BD Ireland
- Impact of COVID-19

Risk & compliance
- FCA interaction
- CASS
- Key risks
- Risk appetite
- SMCR

Employees
- Engagement survey results
- Learning and development initiatives
- Succession planning
- Diversity

Finance
- Business performance
- Budgeting
- Introduction of expenses and payment system

Priorities for 2021

- Delivering performance against strategic pillars
- Implementation of new custody and settlement system
- Agreeing the Group's approach on ESG
- Expansion of distribution channels

Committee composition

The Committee during the year comprised David Nicol (retired 14 June 2020), Robin Beer, Siobhan Boylan, Susan Beckett, Richard Buxton, Charlie Ferry, Nick Fitzgerald, Grant Parkinson (resigned 30 September 2020) and Sarah Houlston (appointed 1 October 2020).

Robin Beer
Chief Executive Officer
See pages 54 to 55

Siobhan Boylan
Chief Financial Officer
See pages 54 to 55

Susan Beckett
Chief Risk Officer

Appointed: Joined the Group and Executive Committee in September 2014 and is a Non-Executive Director and Chair of the Board Risk Committee for Brewin Dolphin Wealth Management, Ireland since 2019.

Key areas of experience: Susan has 30 years of experience in the financial services sector. Her current responsibilities include risk, compliance, financial crime, information security, data protection, conduct risk and CASS for the Group. Susan is the executive sponsor of Women@Brewin; a women's network aimed at influencing a traditional culture to grow and become more inclusive.

External appointments: Non-Executive Director and Chair of the Board Risk Committee for the Scottish Friendly Group.

Previous experience: Similar senior leadership positions at Schroders, JP Morgan, Barclays Global Investors, BlackRock, Kleinwort Benson and BT Pension Scheme.

Richard Buxton
Group People and Sustainability Director

Appointed: Joined the Group and Executive Committee in February 2015.

Key areas of experience: Richard has over 20 years of experience in the financial services sector. Richard joined Brewin Dolphin as the Group HR Director with responsibility for devising and implementing the Group's first people strategy aimed at creating a culture of high employee engagement. His responsibilities include learning, leadership development, talent, competence, and diversity and inclusion. In 2020 he took on responsibility for the Group's sustainability strategy.

Previous experience: Group Talent Director at Lloyds Banking Group and EMEA Head of HR at Bank of America. Fellow of the Chartered Institute of Personnel and Development.

Charlie Ferry
Managing Director of Wealth and Investment

Appointed: Joined the Group in 2008 and the Executive Committee in February 2016.

Key areas of experience: Charlie has over 20 years of experience in the financial services sector, specialising in investment management. Charlie joined Brewin Dolphin as a Divisional Director in 2008, became Regional Director for London and the South East in 2015, Co-Head of Private Clients in 2016 before becoming Managing Director of Private Clients in 2017. In 2020, he was appointed Managing Director of wealth and investment. In his role, he is responsible for Wealth and Investment services across Brewin Dolphin, which includes all offices within the Group, the intermediaries business and the marketing and research departments.

Previous experience: Head of London and South East Gerrard Investment Management. Started his career in Corporate Finance. He is a Chartered Fellow of the Securities Institute and a graduate of the Advanced Management Program at Harvard Business School.

Nick Fitzgerald
Managing Director of Advice and Innovation

Appointed: Joined the Group in 2008 and the Executive Committee in February 2016.

Key areas of experience: Nick has over 30 years of experience in financial planning. Nick joined Brewin Dolphin to lead the integration of its financial planning capabilities, helping it to become the advice-led business it is today. He has been instrumental in developing and broadening the Group's propositions and services, such as launching and building our *'1762 by Brewin Dolphin'* proposition. He has more recently taken responsibility for enhancing the client's digital user experience across all the propositions.

Previous experience: Head of Financial Planning for Barclays Wealth and Gerrard, Lloyds Bank PLC and Lloyds Retail and senior management at Prudential high net wealth division.

Sarah Houlston
Chief Operating Officer

Appointed: Joined the Group in 2018 and the Executive Committee in October 2020 when she became Chief Operating Officer.

Key areas of experience: Sarah joined Brewin Dolphin in February 2018 as Head of Change and Transformation, and designed, mobilised and managed the delivery of the company's portfolio of strategic change projects. These have included the programmes to replace the client management system and the core custody and settlement system, as well as the successful integration of Investec's Irish wealth business into Brewin Dolphin Ireland.

Previous experience: 30 years at RBS, which culminated in her being Director of Banking Operations for the future Williams & Glyn.

Delivering on succession

Simon Miller
Chairman of the Nomination Committee

The Committee reviews the effectiveness and composition of the Board. During the year a number of changes to the Board have taken place.

We announced in January 2020 that David Nicol had stated his intention to retire from the Company as Chief Executive after seven years of outstanding service. As part of the search to find a successor the Committee followed a rigorous recruitment process including both external and internal candidates facilitated by Odgers Berndtson. I am delighted that we were able to appoint an internal candidate, Robin Beer, as Chief Executive Officer. Robin brings talent and experience to the role, with over 20 years in the financial services industry and broad knowledge of the wealth management sector. He joined the Group in 2008 and the Executive Committee in 2016. He has a deep knowledge of Brewin and its culture. His biography is on page 55. Further details of the process followed for his succession are outlined opposite.

Following the announcement that I will retire as Chairman at the 2021 AGM, my successor will be Toby Strauss. Ian Dewar, as Senior Independent Director, led the search for my replacement, a process that I took no part in. Further information on the process undertaken is set out opposite.

As reported in last year's report, Paul Wilson stood down as a Director in October 2019. Phillip Monks was appointed to the Board in February 2020. He is currently CEO of Aldermore Group PLC. Kath Cates has decided not to seek re-election at the AGM in 2021. My successor will manage the search for a replacement Chair of the Risk Committee. Simonetta Rigo resigned on 13 November 2020 in order to take up an executive position.

The Committee recently discussed whether the Board might benefit from additional executive representation. Recognising the value of clients to our business, the Committee recommended that Charlie Ferry be appointed to the Board at the AGM in February 2021. Charlie is currently the Managing Director of Wealth and Investment and sits on the Executive Committee. The appointment is subject to regulatory approval.

We remain committed to maintaining diversity at every level of the organisation. The Committee discussed the findings of the Parker Review and the new BAME targets introduced by the 30% Club and we are fully supportive. We understand the value that diversity brings to the sector.

Succession planning and talent review continues to be an important remit of the Committee as the pipeline is key for the business. The Committee reviewed and discussed talent and succession at senior management and executive level with the Group People and Sustainability Director and also learnt how there was increased focus on career paths for mid-level employees in order to strengthen the talent pipeline. The meeting also discussed development opportunities within the Group. They noted that career development conversations were a mandatory section of the performance management process.

Simon Miller
Chairman of the Nomination Committee

24 November 2020

Committee composition

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

The Chief Executive Officer and Group People and Sustainability Director are standing attendees at Committee meetings; the Chief Executive Officer and the Chairman exclude themselves from discussions relating to their own appointments.

Further details of membership and attendance can be found on pages 55 and 59.

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

Ian Dewar
Senior Independent Director

Q What steps were taken to ensure an orderly succession process for the Chairman?

A Following the announcement of Simon Miller's intention to retire as Chairman, I led the search for his successor and chaired the meetings of the Nomination Committee where the search and recommendation for appointment of the new Chairman were discussed.

The Non-Executive Directors were involved in the interview and selection process with the exception of Simon Miller, who had no involvement in the search. The formal search process was supported by MWM Consulting ('MWM'), an independent search consultancy which had been hired to provide assistance to the Committee for this purpose.

The Committee created a candidate specification and skills requirement matrix after feedback from all of the Directors. This matrix was used by MWM to identify potential candidates in the market. MWM presented an initial list of candidates, which after discussion with MWM was reduced to a shortlist. Potential candidates were interviewed by members of the Board, who provided their feedback to me. MWM were invited to attend a Nomination Committee meeting. The Committee met to discuss feedback and a final meeting was held in late October 2020 to agree the preferred candidate and make a recommendation to the Board for approval.

Simon Miller
Chairman

Q What steps were taken to ensure an orderly succession process for the Chief Executive Officer?

A The succession plan was instigated and a review undertaken of suitable candidates externally and internally. The recruitment process was led by Odgers Berndtson, an independent recruitment consultant.

A list of possible candidates was prepared which included Robin Beer, the internal candidate. Interviews were conducted by myself and the other Non-Executive Directors. Specially convened meetings of the Nomination Committee were held in December 2019 and January 2020 to discuss feedback from the interviews. An additional Remuneration Committee meeting was also held to agree remuneration.

After a full process managed by myself and the Nomination Committee, the Committee agreed that Robin Beer was the preferred candidate for the role of Chief Executive Officer and recommended the appointment to the Board for approval. The appointment was made with effect from 15 June 2020.

David Nicol stood down on 14 June 2020 and remained with the Group for a transitionary period until 29 July 2020. There was an important six-month handover period for Robin prior to his appointment as Chief Executive Officer.

Overseeing the Risk Management Framework

Kath Cates
Chairman of the Risk Committee

During the year, the Committee continued to focus its oversight on the key principal risks facing the Group, to ensure that the risk profile of the Group remained within appetite.

Review of the change management agenda was a priority for the Committee throughout the year. The implementation of our client management system was a success. The replacement of the Group's core custody and settlement system continues to dominate the change agenda. The Committee continued to engage with Alpha, an independent external consulting firm who provide independent challenge and assurance. Alpha provided regular reporting to the Committee on the progress of the project and feedback on the risks faced. The Committee reviewed the resourcing challenges of the change agenda, which were exacerbated as a result of the pending introduction of IR35 (anti-avoidance tax legislation) and COVID-19.

Since March we have increased the frequency and review of the risks facing the business now and on the horizon. We adapted quickly to the new remote working environment and were able to take advantage of our established processes and controls. These were amended where necessary to take account of the changing working practices. This allowed us to shift our focus to the potential risks impacting our business model, which was a key area of discussion at our annual risk workshop, attended by the Board and Executives. For example we discussed attrition risk and the impact this has on Funds Under Management ('FUM'). As a Committee we have moved our attention from an operational risk focus to one of business model resilience. The 2021 economic outlook remains the major area of concern.

The Committee was presented with updates on our operational risk capital assessment throughout the year incorporating our acquisition activity and changes in the external environment. This included market volatility as a direct result of the COVID-19 pandemic. The key inputs for the operational risk scenarios were more frequently updated, testing the sensitivity of the assessment and ensuring our capital assessment remained adequate.

The Risk Management Framework has enabled us to effectively manage risk as the environment has changed. Risk appetite became a key area of discussion in the second half of the year as we considered how the external environment impacted our risk profile. This resulted in some temporary risk acceptance decisions which are under continual review.

The Committee reviews deep dives into specific areas of interest or concern. This year we received presentations on the investment risk parameters for our portfolios, the risks associated with the financial planning business and the governance oversight of the Authorised Corporate Director of the Maitland Institutional Brewin Dolphin Select Managers Funds. We oversaw the risks associated with the integration of our Irish acquisition, BDCIIL, and had a presentation from the local Irish business to enhance our understanding of how the wealth management sector in Ireland differs from that in the UK.

The key priorities for the coming year include, ensuring continued business model resilience in the uncertain and challenging economic environment. The successful implementation of the core custody and settlement system and incorporation of sustainability factors into our service offering including ESG and climate change.

This is my final year as Chair of the Risk Committee and Phillip Monks will be my successor. I would to thank the Committee for its support and contribution, as well as the Chief Risk Officer for her commitment in transforming the Risk Management Framework.

Kath Cates
Chair of the Risk Committee

24 November 2020

Committee composition

The Committee during the year comprised Kath Cates (Chairman) (stepping down at 2021 AGM), Ian Dewar, Simonetta Rigo (resigned November 2020) and Paul Wilson (resigned October 2019). Phillip Monks was appointed to the Committee in November 2020 and will become Chairman of the Committee (subject to regulatory approval) on 5 February 2021. There is cross-membership between this Committee and the Audit and Remuneration Committees to ensure that agendas are aligned, and key information is appropriately shared across the Board Committees. The Chairman of the Risk Committee attends the Remuneration Committee at least once a year and is also a member of the Audit Committee.

Standing attendees at Committee meetings include the Chief Executive Officer, Chief Financial Officer and the Chief Risk Officer. Further details of membership and attendance can be found on pages 55 and 59.

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

The Committee's key areas of focus

Key risks & risk appetite	Reviewed the key risks facing the Group and debated potential risks on the horizon. Recommended the Risk Appetite Statement, the Group Policy Framework and the Group Risk Management Framework to the Board for approval. These help to set the agenda for the following year for key areas of discussion. Received training on risk appetite.
ICAAP and joint meeting with Audit Committee	Challenged the key components of the ICAAP during the year, exploring operational risk scenarios, impacts of acquisitions and stress testing our regulatory capital against more extreme market volatility, taking into consideration the impact of COVID-19. The key inputs for the operational risk scenarios were more frequently updated, testing the sensitivity of the assessment and ensuring our capital assessment remained adequate.
Conduct risk	Continued to oversee progress with the conduct risk frameworks. Review of risks associated with the move to remote working.
Change programme	Continued oversight of the change programme. Engaged with the consultancy responsible for the providing independent challenge and assurance for the new core custody and settlement system.
Regulatory change	Reviewed the key risks in relation to regulatory change legislation including SMCR and the Fifth Anti Money Laundering Directive. Continued to monitor embedding of new processes to ensure compliance and accountability.
Deep dives	Received presentations from business areas during the year that included: • An update on Financial Planning • Investment risk parameters • Authorised Corporate Director of the Maitland Institutional Brewin Dolphin Select Managers Funds • Integration of BDCIIL
Routine matters	Held Non-Executive Director only sessions before each meeting and met the Chief Risk Officer, external auditor, internal auditor and the Head of CASS on an individual basis. Reviewed the Terms of Reference for the Committee and disclosures for the Annual Report in addition to dealing with routine governance matters. Underwent a formal evaluation of its performance during the year. The results were discussed by the Committee and have helped to inform forward-looking agendas.

Enhancing our focus on internal controls

Ian Dewar
Chairman of the Audit Committee

2020 has not been the year that we were all expecting and has presented challenges to everyone. We have moved to an environment where work has moved from our offices to our homes and to a 'virtual' world for communication. A major focus for the Audit Committee has been to ensure that in the new paradigm the sanctity of our control processes remains as robust as it has always been. We have received reports from both our risk function and internal audit on how the move to remote working has gone and it is apparent that the investment we made in IT equipment two years ago has really facilitated this. We also asked Deloitte to focus on the impact of remote working on controls and received a report back from them at our year end meeting. Recognising that a focus on control is in the 'Brewin DNA', I was not at all surprised to receive back positive reports from all parties. Some processes have taken longer but there has been a high level of diligence and our controls remain effective.

We also focused on the impact that COVID-19 has had on our balance sheet with additional scrutiny on the impairment testing of goodwill and client relationship balances. Having reviewed the results of those tests, we have concluded that there is no impairment.

As mentioned in last year's report, our external audit was subject to a tender and we announced that Ernst & Young ('EY') would be proposed to replace Deloitte at our forthcoming AGM. The news from Germany about the alleged fraud at Wirecard came after we had reached that decision. We have held constructive talks with EY to understand the impact on EY in the UK and their audit approach, particularly in respect of assets held with third parties and have concluded that we should not change our decision. A resolution for their appointment is therefore included in the Notice of AGM.

Finally, a couple of thank-you's. First, to Rob Topley and the team from Deloitte for the constructive way they have acted as our auditors over recent years. Their challenge and professionalism have served us well. Second, to Kath Cates who steps down from the Committee when she leaves the Board at the AGM. I will miss her hugely valuable insights.

Ian Dewar
Chairman of the Audit Committee

24 November 2020

Committee composition

The Committee comprises only independent Non-Executive Directors. The members during the year comprised Ian Dewar (Chair), Kath Cates and Mike Kellard. There is a cross-membership with the Risk Committee, to help ensure that agendas are aligned, and key information is shared appropriately across the Board Committees. Further details of membership and attendance can be found on pages 55 and 59.

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

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

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

The Committee's key areas of focus

The Committee has a set agenda for the year although it will adapt to take account of changes in the business and the Board's strategy to ensure that there is challenge and oversight from an audit perspective and to ensure a strong control environment. The Committee's key areas of focus for 2020 were:

Financial reporting	Reviewed the Annual Report and Accounts, the quarterly trading updates, the Interim Report and the investor presentations. Received reports on the key judgements and accounting policies followed in the preparation of the Financial Statements. Debated the proposal to pay an interim and full year dividend. Reviewed reports from the external auditor on the Financial Statements. This included the significant audit risks, areas of audit focus, the appropriateness of the significant management judgements used in preparing the accounts and the effectiveness of systems of internal financial control. Reviewed the Group's Going Concern assumption and Viability Statement. Received financial reporting updates from BDWM and BDCIIL. Assessed the proposal to de-risk the Group's Defined Benefit Pension. Received an update on the Group's tax position from the Head of Tax. Assessed the capitalisation of IT software, primarily in respect of Avaloq and Client Engage.
External auditor	Approved the external audit plan, the external auditor's terms of engagement and the fees to be paid to the external auditor for the audit of the 30 September 2020 Annual Report. Assessed the independence, objectivity and effectiveness of the external auditor. Strengthened and approved the policy relating to non-audit services provided by the external auditor. Received reports on the Financial Statements. EY attended Committee meetings as part of the transition process. Discussed the impact of the alleged fraud at Wirecard on EY's audit approach.
Internal auditors	Reviewed and approved the internal audit plan for the year. Received quarterly internal audit reports, challenged the robustness of their findings and agreed appropriate actions with management. Reviewed how issues identified for action, whether arising from internal audit reports or from internal control processes, are identified, progressed and reported; this ensures there is an effective framework for the management of issues within the Group.
Control oversight	Received, reviewed and discussed the Control Environment Report, the Annual Money Laundering and Financial Crime report. Reviewed the Group's annual Speak Up report and considered matters for Board escalation. Reviewed and discussed the six-monthly updates for both the Client Money and Assets report ('CASS') and Audit Assurance Faculty report ('AAF'). Assessed the internal controls as a result of the move to remote working. Approved the appointment of the Head of Financial Crime (CF11).
ICAAP	Jointly reviewed the ICAAP with the Risk Committee. After reviewing and challenging the ICAAP and its key components, the Committee recommended its approval to the Board.
Routine matters	Reviewed the Committee's performance. Reviewed and approved the Committee's Terms of Reference and minutes.

Significant matters related to the Financial Statements

We reviewed the significant matters set out below in relation to the Group's Financial Statements for the year ended 30 September 2020. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the Financial Statements. We are satisfied that the Financial Statements appropriately address the critical judgements and key estimates, in respect both of the amounts reported and the disclosures made, following review and consideration of the presentations and reports presented by management. We also reviewed these issues with the auditors during the audit-planning process and at the conclusion of the year-end audit. We are satisfied that our conclusions in relation to these issues are in line with those drawn by the auditors.

Matter	Key considerations	Role of the Committee	Conclusion
Acquisitions (see note 4.a.i. to the Financial Statements)	Appropriate application of IFRS in relation to the recent acquisitions, specifically in relation to establishing the fair value of all the assets/ liabilities acquired.	We considered management's proposed accounting treatment for the acquisition of Investec Capital & Investments (Ireland) Limited (see note 35 to the Financial Statements) including satisfying ourselves as to the fair value attributed to the client relationships and goodwill in the Financial Statements as intangible assets as a result of the acquisition. In particular, we challenged whether the fair value attributed to the client relationships was set correctly.	We concluded that the determination of the fair value of the assets was set to the appropriate level.
Leases (see notes 4.a.ii and 4.b.iv to the Financial Statements)	Appropriate application and disclosure of IFRS 16 'Leases' the new accounting standard adopted by the Group in the current reporting period.	Pre-transition we reviewed management papers on the transition method to be applied by the Group and the expected impact on the Financial Statements. We agreed that the Group should apply the modified retrospective approach with the cumulative effect of initial application being recognised at the transition date. We confirmed that the opening balance sheet aligned with the expected result per the management paper and that the critical accounting judgement and key source of estimation uncertainty outlined in the paper had been disclosed. Further, the disclosure of the impact on the Group's Financial Statements was considered, to ensure that it was understandable and concise.	We concluded that new accounting standard had been appropriately applied and that the disclosure of the impact on the Group's Financial Statements was clear.
Impairment of goodwill, client relationships and brand (see note 4.b.ii to the Financial Statements)	Appropriate application of IFRS and underlying principles. Determining the best estimate of the likely cash flows and other assumptions for the value in use calculations and the resulting sensitivities.	We reviewed management's paper explaining the assumptions and calculation methodologies applied in determining the recoverable amounts for both the individual intangible assets and the Cash Generating Units ('CGUs') and outlining the sensitivity. We challenged whether the procedures performed by management were robust and comprehensive. This included considering the assumptions of the Medium-Term Plan ('MTP') and confirming that it took into consideration expected external impacts to the Group such as COVID-19 as well as aligning with the Group strategy.	We concluded that the assumptions and calculation methodologies applied by management were appropriate including the use of the MTP to determine the Value In Use ('VIU') estimate. On this basis there was no impairment to be recognised for the Group's intangible assets.
Amortisation of client relationships (see note 4.b.iii to the Financial Statements)	Determination of the useful economic life of client relationships, which establishes the quantum of the amortisation expense.	We considered the paper prepared by management on the average client tenure and useful economic life expectations. We challenged whether the metrics used were set to the appropriate level for both the acquisition in the current reporting period and historical acquisitions.	We concluded that the assumptions and judgements used were reasonable and we were satisfied that the useful economic life expectations were appropriate, reflecting both experience and future expectations.
Assumptions underlying the calculation of the defined benefit pension scheme liability (see note 4.b.iv to the Financial Statements)	Determination of the actuarial assumptions such as discount rate, the life expectancy of scheme members and the inflation rate used when calculating the defined benefit pension scheme liability.	We considered management's paper explaining the assumptions used in the calculation and the resulting impact on the balance sheet. We challenged whether the assumptions remained appropriate given the surplus in the scheme.	We concluded that the assumptions and judgements used in determining the defined benefit pension scheme liability were appropriate.
Likelihood of meeting performance conditions for the long-term incentive plan (see note 4.b.vi to the Financial Statements)	Determining the likelihood of meeting the performance conditions which impact the quantum of the expense in the period.	We considered management's paper explaining the assumptions for the likelihood of meeting the performance conditions. We challenged whether the assumptions were appropriate as awards do not always vest in full.	We concluded that the assumptions used in calculating the expense were appropriate.

Fair, balanced and understandable Report and Accounts

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

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

Internal audit

The Group's internal audit function is outsourced to BDO, who directly report to the Committee and were appointed in 2016.

The Committee continues to believe that the outsourcing model delivers enhanced benefits including the availability of a wider range of skills and resources than an internal model could provide. Christian Bellairs, a senior partner at BDO, attends the Audit Committee and the Executive Committee meetings as a standing attendee.

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

The internal audit plan runs from January to December and the Committee will evaluate the effectiveness of the internal auditor in January 2021. Ongoing assessments are made throughout the year.

External auditor

The Audit Committee is responsible for developing, implementing and monitoring the Group's policy on external audit. The policy sets out the categories of any pre-approved non-audit services which the external auditor is authorised to undertake, all of which are closely related to performance of the external audit. It also provides an approval process for the provision of any other non-audit services. The External Auditor Independence Policy (previously the Audit and Non-Audit Services Policy) of the Group has been reviewed and updated in the context of the latest Financial Reporting Council's Ethical Standard 2019, the EU Directive (No.537/2014) and the 2018 UK Corporate Governance Code. This policy is available to view on the Investor Relations section of the Group's website, under the Board Committees subsection.

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

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

This year's statutory audit is Robert Topley's fifth, and final, year as the audit partner and also Deloitte's final year as auditors. Following an audit tender process, the Board approved the appointment of Ernst & Young ('EY') as external auditor with effect from FY2021. EY attended Committee meetings throughout the year. Shareholders will vote on the resolution to appoint EY as external auditor at the 2021 AGM.

The Committee confirms that the Group has complied with the Statutory Audit Services for Large Companies Market Investigation (mandatory use of competitive tender processes and Audit Committee Responsibilities) Order 2014, which requires FTSE 350 companies to put their statutory audit services out to tender no less frequently than every ten years.

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

External auditor effectiveness

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

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

The Committee is satisfied that Deloitte LLP had conducted an effective audit for the 2018/19 financial year. The Committee provided feedback and this was taken into consideration when Deloitte conducted their final audit of the Group, FY2020.

Aligning remuneration to best practice and stakeholder interests

Caroline Taylor
Chairman of the Remuneration Committee

On behalf of the Remuneration Committee (the 'Committee') and the Board, I am pleased to present the Directors' Remuneration Report (the 'Report') for the year ended 30 September 2020. At the 2021 AGM, the Report will be submitted for the usual, annual advisory vote. The Report for the year ended 30 September 2019 received overwhelming support at the 2020 AGM, with 97% of votes in favour.

Directors' Remuneration Policy (the 'DRP') approved at 2020 AGM

At the AGM held on 7 February 2020, the triennial binding vote was held on the DRP. The Committee was pleased that the proposed DRP was approved by shareholders with 89.5% of votes in favour. This new DRP:

- Increased the Minimum Shareholding Requirement for all Executive Directors to 200% of base salary;
- Introduced a Post-Employment Minimum Shareholding Requirement to apply for two years post-cessation;
- Reduced the annual bonus pay-out for on-target performance from two-thirds to 60% of maximum; and
- Increased the maximum LTIP grant to 150% of base salary (note that the previous DRP already allowed grants of 150% of salary, but in exceptional circumstances only).

Impact of the COVID-19 pandemic

As discussed in more detail in other parts of the Annual Report, Brewin Dolphin has performed well in FY2020, during a very challenging economic environment since the start of the COVID-19 pandemic in the second quarter of the financial year. Total income increased by 6.6% to £361.4m, and adjusted PBT, was £78.2m, an increase of 4.3%. Notwithstanding the COVID-19 restrictions, we have successfully adapted our operations to continue to provide our range of services and achieve positive net new business flows. We have not had to furlough any of our colleagues and we have not received any government funding or grants. The Board proposes a dividend that represents a payout of 70% of adjusted diluted earnings per share, in line with the dividend policy.

We have therefore been able to continue to incentivise employees through our profit sharing plan. The Executive Directors' annual bonus plan and LTIP have continued to operate with performance assessed according to the established criteria. Bonus and LTIP outcomes for Executive Directors are, however, lower than in the prior year.

Board changes

David Nicol stepped down as Chief Executive on 14 June 2020, in preparation for his retirement on 29 July 2020, after eight years with the Group. The treatment of his remuneration on retirement follows our DRP requirements and his service agreement. Further details are provided later in this report.

The Board was delighted to promote an internal candidate, Robin Beer, to the role of Chief Executive Officer on 15 June 2020, to succeed David. Robin has been with Brewin Dolphin for 12 years and, prior to becoming Chief Executive Officer, led the Group's intermediaries, charities, professional services and digital businesses, as Managing Director of Investment Solutions and Distribution. Robin's remuneration as Chief Executive Officer is in accordance with our DRP. Further details on his base salary are provided below.

Committee composition

The Committee comprises independent Non-Executive Directors, and the Non-Executive Chairman of the Board, who was independent upon his appointment in March 2013. Caroline Taylor was appointed as Committee Chair on 1 October 2018. Caroline was a member of the Committee for four years prior to being appointed as Chair. The other Committee members are Simon Miller, Ian Dewar and Mike Kellard (Simonetta Rigo resigned November 2020). There is cross-membership with the Risk Committee to help ensure alignment between the Group's key risks and its remuneration policy. The Chairman of the Risk Committee attends the relevant Remuneration Committee meeting in order to advise the Committee on risk and compliance factors when finalising remuneration. The Chairman of the Remuneration Committee also attends Risk Committee meetings, at least annually. Further details of Remuneration Committee membership and attendance can be found on pages 55 and 59. The responsibilities of the Committee, which include determining remuneration for all Material Risk Taker roles and oversight of remuneration across the Group, are outlined in the Committee's Terms of Reference, a copy of which can be found at brewin.co.uk/group/investor-relations.

Base salary

The Committee reviewed base salaries effective 1 January 2020 and decided to increase the Chief Executive's (David Nicol) base salary by 2.3% to £445,000, and increase the Chief Financial Officer's base salary by 2.46% to £333,000. These percentage increases were consistent with the average levels awarded to other employees.

The Committee carefully considered the appropriate base salary for Robin Beer for his promotion to the Chief Executive Officer role in June 2020, taking account of the market benchmarks and Robin's remuneration in his previous role. The Committee determined that the appropriate base salary for the role is £500,000. This salary is at the lower quartile of FTSE 250 Chief Executive Officers and takes account of Brewin Dolphin's size and sector. It is also in the context of Brewin Dolphin's very conservative approach to Executive Director pension allowances, which are set at the legal minimum (currently 3% of qualifying earnings).

David Nicol's base salary of £445,000 as Chief Executive was anomalous; it was unusually low for legacy reasons – only 89% of the FTSE 250 lower quartile – and therefore it did not provide a suitable benchmark for Robin's future salary.

Although the Committee determined that £500,000 is the appropriate salary for the role, both parties agreed to apply a restrained approach and to attain this in stages over 18 months, in order to take account of Robin's development in the role. Therefore, on appointment on 15 June 2020, Robin Beer's base salary was set at £445,000. This will then increase in two equal stages to £472,500 on 1 January 2021 and to £500,000 from 1 January 2022, subject to assessment of Robin's development in the role.

Pension

In contrast to market norms, Brewin Dolphin has, for many years, operated a policy of either a zero pension or minimum statutory pension only (3% of qualifying earnings), for its Executive Directors, which is lower than the employer contribution for the median employee. This approach has been applied both to the new Chief Executive Officer and to the Chief Financial Officer.

Annual bonus outcome for 2020

As in previous years, annual bonus for FY2020 was weighted 60% on two financial metrics (adjusted profit before tax (PBT), and net discretionary funds inflow) with equal weighting, and 40% based on challenging operational, strategic and personal objectives.

FY2020 adjusted PBT was £78.2m, and discretionary funds net inflow was £0.9bn, an annualised growth rate (excluding internal transfers) of 3.5%. This was a resilient performance in exceptionally challenging market conditions.

An overall strong performance was achieved across a range of challenging, non-financial performance criteria, detailed later in this report.

As a result of both the financial and non-financial performance, a total bonus of 72% of base salary was awarded, which is 14.4 percentage points lower than the prior year. This contrasts with the profit share pool for other employees of the Group that is approximately 4% down per capita on the prior year – Executive Directors have experienced a greater fall in their annual bonus than other employees of the Group.

A portion of the Executive Directors' bonus for FY2020 has been deferred into shares for three years, in line with the Policy, to further enhance the alignment with shareholders.

Robin Beer's annual bonus as Chief Executive Officer was pro-rated based on his period in the role since his appointment on 15 June 2020 and determined on the same criteria as the previous Chief Executive.

LTIP granted in December 2017

The performance period for the 2017 LTIP ended on 30 September 2020. It was weighted 50% on compound annual growth in adjusted EPS and 50% based on average discretionary net funds inflow. The three-year EPS compound annual growth has been 1.3% compared to a range of 5% to 15% between threshold and maximum. Discretionary net funds inflow averaged 4.5% per annum, compared with a range of 2.5% to 7.5% between threshold and maximum. The overall vesting level was therefore 32.2% of the maximum, 29.6 percentage points lower than the prior year. The vested shares, net of sales to settle income tax on vesting, are subject to a two-year, post-vesting holding period.

Discretion

The Committee carefully considered the potential bonus and LTIP outcomes at the half year and at each subsequent meeting, together with the final results, in light of the overall performance of the business and the outcomes for its stakeholders. The Committee determined that the bonus payment and LTIP vesting outcomes are an accurate reflection of the overall performance achieved including the economic impact of the COVID-19 pandemic on the business, and no discretion to override these outcomes was necessary. Bonuses and LTIP vestings are lower than the prior year; the executive team have delivered a robust performance despite the challenges.

LTIP granted during FY2020

The Chief Executive (David Nicol) and Chief Financial Officer (Siobhan Boylan) each received an LTIP grant of 150% of base salary during the course of the FY2020. 50% of the award is based on EPS growth and 50% is based on discretionary net funds inflow. The performance period is the three financial years ending 30 September 2022. A two-year post-vesting holding period applies.

Annual bonus and LTIP grants for the next performance periods

The Committee has carefully considered the performance conditions for annual bonus and LTIP for the forthcoming periods, in light of the current economic uncertainty associated with the ongoing COVID-19 pandemic. The annual bonus performance criteria for FY2021 will continue to be set using a weighting of 60% financial performance and 40% on non-financial criteria. Financial criteria will comprise adjusted PBT (20% weighting), discretionary FUM net inflow (20% weighting) and Total Income (20% weighting). The introduction of a Total Income metric to the scorecard is aligned to the Group's strategic goals of growing revenues from a broadening range of distribution channels and propositions.

LTIP awards will be granted during the course of FY2021. The Committee has amended the LTIP rules to allow for adjustment at or prior to vesting in FY2024 if the Committee considers there has been an unjustified windfall gain resulting from severely depressed market share prices at the time of grant. The Committee's assessment of whether an unjustified windfall gain has arisen will take account of all the circumstances, including the overall performance achieved by the Group, the impact of the COVID-19 pandemic, and the movement in stock market indices, on incentive plans and share awards.

The performance conditions for the grants to be made in FY2021 will be adjusted EPS growth (33%), average growth in discretionary FUM net inflows (33%), average annual total income growth (33%). Total income growth has been included in the metrics for this grant, to reflect our strategy of growing revenues from a range of sources including non-FUM related channels.

Regulatory change

Brewin Dolphin is currently subject to the FCA's IFPRU Remuneration Code. This regulatory framework for remuneration is likely to change with the implementation of the EU Investment Firms Directive and the end of the transition period following the UK's exit from the EU. The Committee will be monitoring these developments, and will consider any implications for our remuneration policies and practices. The Committee will consult with shareholders if any substantive changes are required to the remuneration of Directors as a result of regulatory developments.

TSR performance

Brewin Dolphin's long-run TSR performance relative to the wider market has been strong. £100 invested in the Company at the end of September 2010 was worth £272 at 30 September 2020, compared to £163 if it had been invested in the FTSE All Share Index.

Conclusion

I thank shareholders for voting in favour of our Directors' Remuneration Policy and Remuneration Report at the last AGM. I hope you find this year's report informative, and that you will continue to give the Committee your support.

Caroline Taylor
Chairman of the Remuneration Committee

24 November 2020

What the Committee has focused on during the year

Area	Action in the meeting	Result
Executive Directors' remuneration	• Reviewed the Executive Directors' salaries, bonus and other awards • Determined the terms of the service agreement of incoming Chief Executive Officer • Determined the terms of the retirement arrangements for the outgoing Chief Executive	The approval of the service agreement and retirement arrangements for the Executive Directors, further information on page 99.
Share based awards	• Assessed and approved the 2017 LTIP vesting • Approved the LTIP performance criteria and other share-based incentive plan awards • Reviewed LTIP share plan rules to bring in line with the Directors' Remuneration Policy	The performance metrics of the LTIP were reviewed to ensure that they remained appropriate and stretching. The Committee was satisfied that it remained an effective reward mechanism. Updated LTIP rules which were approved at the 2020 AGM.
Governance	• Discussed the outcome of the Committee performance evaluation report • Reviewed and updated the Terms of Reference for the Committee • Discussed the outcome of the AGM voting on the Remuneration Policy • Reviewed the effectiveness of external Remuneration Advisors	Outcomes from the 2020 Committee evaluation were discussed and an action plan agreed. Agreed to consult with shareholders who had voted against the Policy and enhance the consultation process. Consulted with major shareholders and voting agencies prior to finalising remuneration arrangements for year end FY2020. Transitioned advisors from Aon to Alvarez & Marsal, see page 93.
Core compliance	• Assessed and approved annual bonus outcomes, including deferral awards under the Deferred Profit Share Plan • Reviewed the Directors' Remuneration Report for the Annual Report • Reviewed the Group's remuneration budget and other employee incentives • Identified and approved the individual compensation for the Material Risk Takers ('MRTs') • Reviewed the process and guidelines for annual remuneration for the entire employee workforce • Debated the impact of market volatility on the minimum shareholding requirement and post-employment shareholding requirement	Ensured alignment of remuneration with performance and regulatory requirements by completion of all of the core processes.
Regulatory	• Received reports from the Chief Risk Officer on conduct risk • Approved the changes to the Remuneration Policy Statement for submission to the FCA and Pillar III disclosures • Received updates on changes in regulation and trends in remuneration. With a focus on the impact of COVID-19 and Investment Firms Directive and Investment Firms Regulation • Discussed the results of the Gender Pay Gap Report as well as diversity and inclusion initiatives	The Committee received an update from the Chief Risk Officer on conduct risk for Executive Directors, Executive Committee members, the Company Secretary and MRTs. The outcomes were then used to inform bonus and profit share allocations.

Annual Report on Remuneration

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

Total remuneration for the financial year to 30 September 2020 (Audited)

£'000	Year	Salary & fees	Benefits[1]	Pension[2]	Annual bonus[3]	Long-term incentive[4]	Other[5]	Total excluding value in 'Other'	Total	Total fixed remuneration	Total variable remuneration
Executive Directors											
David Nicol[10]	2020	311	1	–	227	–	–	–	539	312	227
	2019	432	1	–	376	301	–	–	1,110	433	677
Robin Beer[9]	2020	131	–	–	93	52	–	–	276	131	145
	2019	–	–	–	–	–	–	–	–	–	–
Siobhan Boylan[5]	2020	329	1	1	240	–	–	-	571	331	240
	2019	187	1	1	162	–	730	351	1,081	189	892
Non-Executive Chairman											
Simon Miller	2020	200	–	–	–	–	–	–	200	200	–
	2019	180	–	–	–	–	–	–	180	180	–
Non-Executive Directors											
Kath Cates	2020	77	–	–	–	–	–	–	77	77	–
	2019	83	–	–	–	–	–	–	83	83	–
Ian Dewar	2020	87	–	–	–	–	–	–	87	87	–
	2019	77	–	–	–	–	–	–	77	77	–
Caroline Taylor	2020	77	–	–	–	–	–	–	77	77	–
	2019	70	–	–	–	–	–	–	70	70	–
Mike Kellard[6]	2020	62	–	–	–	–	–	–	62	62	–
	2019	60	–	–	–	–	–	–	60	60	–
Phillip Monks[7]	2020	39	–	–	–	–	–	–	39	39	–
	2019	–	–	–	–	–	–	–	–	–	–
Simonetta Rigo[8]	2020	62	–	–	–	–	–	–	62	62	–
	2019	60	–	–	–	–	–	–	60	60	–
Paul Wilson[8]	2020	2	–	–	–	–	–	–	2	2	–
	2019	60	–	–	–	–	–	–	60	60	–
Total	**2020**	**1,377**	**2**	**1**	**560**	**52**	–	–	**1,992**	**1,380**	**612**
Total	2019	1,029	2	1	538	301	730	351	2,781	1,212	1,569

1. Benefits relate to death-in-service insurance and private medical insurance. Executives can also elect to use part of their total fixed remuneration to fund additional benefits. These amounts are disclosed as part of the 'salary and fees' figure.
2. Executives can elect to sacrifice part of their annual bonus into the Group's defined contribution pension scheme. Where employees choose to do this, the Group contributes 13.8% of the sacrificed amount, equal to the employer's national insurance that would have been due had the amount been paid as bonus. None of the Executive Directors opted to do this in FY2019 or FY2020.
3. This relates to the payment of the annual bonus which is subject to a mandatory deferral policy as set out on page 88.
4. The value of the long-term incentive is the value of shares for the award where the performance period ends in the year. 32.2% of the 2017 LTIP has vested in the period. The figures for 2020 have been calculated using the average of the Group's Q4 share price in the three-month period to 30 September 2020, being £2.53 (rounded). The actual vesting date of the LTIP award is 13 December 2020. The figures presented for 2019 have been updated from the three-month average figures used in last year's report (being £282,318 for David Nicol based on a share price of £3.09 (rounded)) to take into account the Group's share price on the date of vesting, 1 December 2019, being £3.30 (rounded). The LTIP figure for 2019 in the table above includes the following: £19,259 for David Nicol which is attributable to the movement in the share price between the grant date (1 December 2016) and the end of the performance period (30 September 2019). This amounted to 6.15% of the vesting amount shown in the table. The LTIP figure for 2020 in the table above includes (£28,528) for Robin Beer, which is attributable to the movement in the share price between the grant date, (13 December 2017) and the end of the performance period (30 September 2020). This amounts to 1.84% of the vesting amount shown in the table.
5. Siobhan Boylan commenced her employment with the Group on 11 February 2019 and was appointed CFO and joined the Board on 4 March 2019, once regulatory approval was received. The figures for 2019 in the table represent the amount of base salary and benefits, and annual bonus, earned for services as a Board Director. £580,000 worth of shares were granted to Siobhan Boylan in 2019, to replace the share awards forfeited on leaving her previous employer. These awards will vest over a four-year period from 2019 to 2022. She also received £150,000 in 2019, to replace the forfeited cash bonus from her previous employer. This is included in the 'Other' column above.
6. In addition to the fees set out above which are in relation to his Brewin Dolphin Holdings PLC directorship, Mike Kellard receives an annual fee of €40,000 in relation to his position as a Non-Executive Director of Brewin Dolphin Wealth Management Limited (BDWM), the Group's Irish subsidiary. He was appointed to the Board of BDWM on 11 July 2019.
7. Phillip Monks was appointed to the Board on 10 February 2020.
8. Paul Wilson stepped down from the Board on 9 October 2019 and Simonetta Rigo stepped down from the Board on 13 November 2020.
9. Robin Beer was appointed to the Board on 15 June 2020. His salary is pro-rated from the date of appointment.
10. David Nicol stepped down from the Board on 14 June 2020. His salary and bonus are pro-rated until the date he ceased to be a Director. His 2017 LTIP award vests on 13 December 2020, after he ceased to be a Director, so is not included in the table above.

Appointment of Robin Beer as the Chief Executive Officer (Audited)

Robin Beer was appointed as Chief Executive Officer and joined the Board on 15 June 2020. His remuneration package upon appointment was as follows:

- Base salary £445,000. The base salary will increase to the agreed level of £500,000 over a period of 18 months as detailed in the Committee Chairman's introductory statement.
- Pension contribution of 3% of qualifying earnings (statutory minimum pension contribution).
- Annual bonus up to a maximum of 150% of base salary, subject to performance conditions, three-year deferral and time-proration for the period worked during the year.
- Robin Beer received an LTIP award during the financial year ended 30 September 2019 in his previous position. He will be eligible for LTIP awards of up to 150% of base salary for the financial year ended 30 September 2020 onwards, subject to performance conditions measured over three years and a two-year post-vesting holding period (net of tax).

Payments to the former Chief Executive (Audited)

As we announced on 29 January 2020, David Nicol, Chief Executive, stepped down as a Director with effect from 14 June 2020. In accordance with his service agreement and the DRP, David remained an employee for a transitionary period until 29 July 2020, when his six-month notice period ended. He received his base salary and contractual benefits during this time.

He received an annual bonus of £226,950 in respect of his period as Chief Executive in the financial year ended 30 September 2020 which is a pro-rated amount taking account of the portion of the year he served as a Director and the performance achieved. In respect of the period 15 June to 29 July 2020, whilst David Nicol continued as an employee and supported the transition to the new Chief Executive Officer, he remained eligible for discretionary profit share, and was awarded £40,050 in respect of performance in this period, according to the same performance criteria that applied to the Executive Directors. The awards are subject to the normal deferral rules.

David also retained the awards he received in relation to deferred annual bonuses earned in prior years, in accordance with the relevant plan rules. He also retains the LTIP awards he held, pro-rated for time served, in accordance with the 'Good Leaver' treatment under the plan rules. Both the DPSP and LTIP share awards will vest on the normal vesting dates. The LTIP awards are subject to the applicable performance conditions. He received a contribution of £3,000 towards legal fees incurred in connection with his departure.

In accordance with the post-cessation shareholding policy, David will retain 200% of base salary in Brewin Dolphin shares, valued at the date he stepped down from the Board, for 12 months from that date, reducing to 100% of base salary for the second 12 months following this date. This is enforced through a written agreement.

Base salary review (Audited)

Salaries are normally reviewed in Q4, to take effect from 1 January each year. An increase of 2.30% (£10,000) was awarded to the Chief Executive (David Nicol), and an increase of 2.46% (£8,000) was awarded to the Chief Financial Officer, effective from 1 January 2020. This was consistent with the levels of percentage increase awarded to our other employees.

Effective from 1 January 2021, the Chief Executive Officer's (Robin Beer) salary will be increased to £472,500 (6% increase) as explained in the Chairman's introductory statement. The Chief Financial Officer did not receive a salary increase in line with the year end review process.

	Salary as at 30 September 2019	Salary as at 30 September 2020	Change
David Nicol	£435,000	**£445,000**	2.30%
Robin Beer	–	**£445,000**	–
Siobhan Boylan	£325,000	**£333,000**	2.46%

Annual variable pay outcomes for 2020

Annual bonuses for the Executive Directors are determined by the Committee based on an assessment of performance relative to Key Performance Indicators ('KPIs'), which are selected to achieve a direct relationship between progress towards the Group's strategic goals and the bonuses that are awarded. The maximum annual bonus for each individual Executive Director is 150% of base salary. For the financial year ended 30 September 2020, the bonus award opportunity for on-target performance was 90% of base salary. The Committee has the discretion to adjust the final outcome to take account of overall Group performance and exceptional events.

Overall outcome

Criteria	Weighting	% of salary at maximum	% of maximum total bonus paid	% of base salary
Financial	60%	90%	16.2%	24.3%
Non-financial	40%	60%	31.8%	47.7%
Total		150%	48.0%	72.0%

Performance for financial criteria

Key Performance Indicator	Weighting	Threshold 25% of salary	On-target 90% of salary	Maximum 150% of salary	Actual for year ending 30 September 2020	% of salary awarded for this criterion	Comment
Adjusted[1] PBT	30%	£77.7m	£84.0m	£90.3m	£78.2m	9.0%	Targets set in relation to prior year performance and budget
Discretionary net funds inflow[2]	30%	2.5%	5.0%	7.5%	3.5%	15.3%	Targets set in relation to prior year performance and budget
Outcome						24.3%	

1. See explanation of adjusted performance measures on page 29.
2. Adjusted to exclude internal transfers.

Performance for non-financial criteria

Team KPIs

Criteria and weightings	Key metrics/targets	Performance achieved	Rating for each criterion (out of 5)
Strategy 20%	• Achieve significant PBT synergies, realised from successful integration of acquisitions. • Develop new product offerings under the '1762' brand.	• Successfully integrated 4 acquisitions and realised £4m PBT of synergies. • Three new '1762' products (Lombard Lending, Absolute Return and Structured Product Portfolio) have been designed, built, approved and rolled out.	4
Technology 20%	• Deliver a replacement for the Client Management System. • Meet key milestones in the Castle Programme. • Develop digital offering for clients via Wealthpilot. • Design and deploy new Technology Policy Framework ('TPF'), and strengthen infrastructure.	• Delivered 'Client Engage' system, with strong governance and quality controls. • Castle – Product build milestone achieved on agreed time frame. However, delays with integration phase (now being addressed). Expected delivery date delayed to 2021. See pages 18 to 21 of the Chief Executive Officer's Review. • Developed, tested, launch planned. Also MyBrewin App and website upgrade complete. Launched True Potential Portal. • TPF designed and deployed. Upgraded VPN and migration to Microsoft Teams – completed successfully.	2.5
Clients 15%	• Maintain high client satisfaction and Net Promoter Scores. • Growth in MPS and BPS. • New product development.	• Overall client satisfaction with firm 8.7/10 and satisfaction with primary contact 9/10. Client satisfaction with outcomes 94.1%. Net promoter score 51% compared to benchmark of 38%. • MPS has grown by £0.5bn. BPS has grown to 6,100 accounts. • Multi-asset fund built. First steps in development of Environment, Social and Governance ('ESG') offering achieved, including hire of team.	4.5
People, Culture & ESG 15%	• Maintain high Employee Engagement scores. • High survey scores for Learning and Leadership programmes. • New programmes successfully launched. • Diversity, Inclusion and Well-being. • Community involvement. • Reduce carbon footprint.	• Employee Engagement Score increased to 90% (from 87% last year), in annual People Survey, 13 points above Financial Services ('FS') benchmark. • The survey question 'I have the right opportunities to learn and grow' has risen year on year to 11% above the FS benchmark. • 2020 Emerging Talent; Investment Manager ('IM') Academy; Future Wealth Manager; Resilience programme. • Improvement in Gender Pay Gap; Ranked 6th in FTSE 250 in Hampton Alexander review. 'Let's Talk About Race' workshop – 274 participants so far. Finalists in Reward and Employee Benefits Association well-being strategy awards. • Improvement in payroll giving participation; maintained fund raising matching with 23 team events raising over £66k. Introduced community relief fund. • Total Gross Scope 1 and 2 emissions reduced from 1,082 to 897 (tCO_2e).	5
Risk 10%	• Senior Manager Certification Regime ('SMCR'). • Risk Management.	• SMCR Phase 1 completed and Phase 2 launched. Upgraded BITA risk system. • New Group Risk Framework – Phase 1 delivered.	4

Personal KPIs

Individual	Key metrics/targets	Performance achieved	Rating for each criterion (out of 5)
David Nicol (Chief Executive until 14 June 2020) 20%	• Leadership of key strategic projects. • Further enhance quality of relationships with regulators and shareholders. • Development of the Group's brand externally, with clients and contacts. • Executive Committee development and succession.	• Successfully led major projects across the Group, with particular emphasis on key IT projects. • Significant strengthening of relationships with both regulators and shareholders – based on openness and trust. • Participated successfully in over 30 events with clients and industry contacts. • Succession plan in place, and coaching/training implemented. Successful appointment of internal candidate to Chief Executive Officer.	4.25
Robin Beer (Chief Executive Officer from 15 June 2020) 20%	• Leadership of key strategic projects- timely and on budget. • Leadership through period of change and COVID-19 impact. • Further enhance quality of relationships with regulators and shareholders. • Enhance Board and Executive Committee interaction. • Implementation of phase 1 of organisational design for Executive Committee direct reports.	• Detailed examination of Castle Project, with improvements identified. • Strong leadership presence and communication. Brewin response to COVID-19 received 98% positive endorsement in employee engagement survey. • Enhanced planning for year-end meetings. Successful participation in 41 meetings with regulators and shareholders. • Lead role in successful Strategy Day with Board. • New Chief Operating Officer ('COO') appointed and COO direct reports organisational design completed. Restructure of the Client facing team reporting directly to the Executive Committee, has been successfully implemented.	4.25
Siobhan Boylan (Chief Financial Officer) 20%	• Further enhance Board presence and influence. • Further enhance financial oversight of strategic projects. • Further build contribution to relationships with regulators, shareholders and analysts. • Continued improvement of processes to drive cost efficiencies. • Further develop interaction with senior business heads and staff.	• Board feedback is good – exerts determined and expert influence. • Enhanced collaboration with Project Management Office, and financial oversight. • Successful participation in 74 meetings over the year with regulators and shareholders. Appointment of Head of IR. • Successful implementation of Coupa expense system, and continued challenge on costs. • Introduced regular meeting cycles with senior business heads; successfully implemented.	4.25

Across all of the non-financial KPIs, the weighted average rating out of 5 was 3.975, and this equated to a bonus of 47.7% of salary after applying the weighing which is 40% on non-financial criteria.

Bonus outcomes (Audited)

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

Both the share and cash elements of the bonus are subject to malus and clawback provisions. Please see the Directors' Remuneration Policy table on page 95 for further details. The Committee has the discretion to adjust the final outcome to take account of overall Group performance and exceptional events. After careful consideration, the Committee did not make any such adjustment for the bonuses in respect of the financial year ended 30 September 2020.

Name	Role	Cash	Deferred shares[1]	Total
David Nicol[2]	Chief Executive	£165,467	£61,483	£226,950
Robin Beer[2]	Chief Executive Officer	£66,894	£26,556	£93,450
Siobhan Boylan	Chief Financial Officer	£176,507	£63,253	£239,760

1. See deferral table below.
2. Robin Beer and David Nicol's total bonus figures are pro-rated for the period in their respective roles during the year. The deferral percentages are calculated based on their total bonuses including the bonus received for the periods they were not Executive Directors.

In accordance with the DRP, annual bonus awards are subject to deferral on the basis shown on the table below. This is designed to increase the deferral percentage at high levels of bonus.

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

Vested LTIP outcome for the three-year performance period ended 30 September 2020 (Audited)

The Chief Executive Officer (Robin Beer) received a conditional share award granted under the LTIP in December 2017. The performance period for the grant was the three years ended 30 September 2020 and the performance criteria set are shown below:

Criteria	Weighting	Threshold target	Full vesting target	Actual performance achieved	% of award to vest
Adjusted EPS Compound Annual Growth Rate ('CAGR')	50%	5.0%	15.0%	1.3%	0%
Average annual discretionary net funds growth[1]	50%	2.5%	7.5%	4.5%	32.2%
Blended pay out total					32.2%[2]

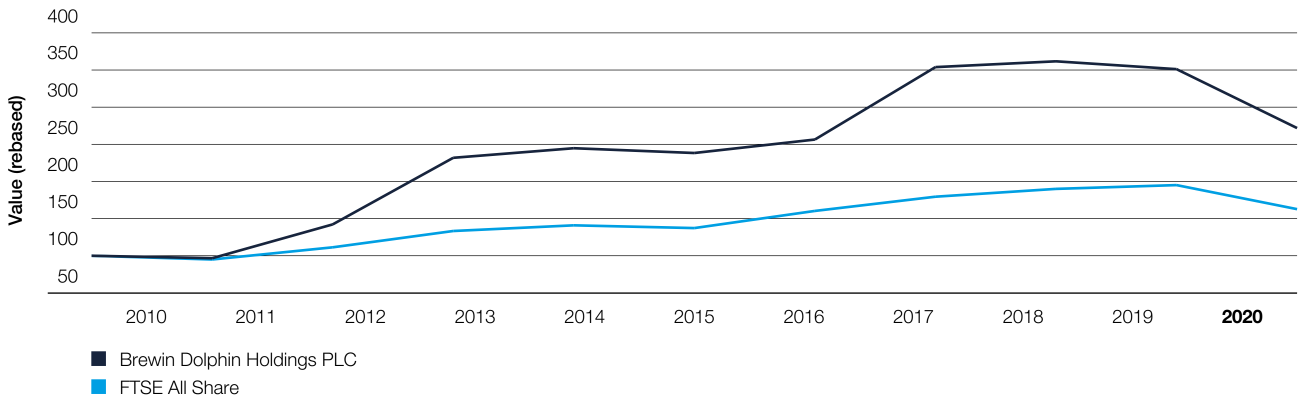
1. Average annual net inflows in discretionary funds expressed as a % of prior year discretionary funds. Between threshold and stretch, there is an additional inflection point at 5% growth with 75% vesting on this metric. The growth is adjusted to exclude internal transfers.
2. No discretion was exercised to override the vesting outcome, as the outcome is a fair reflection of performance achieved.

Chief Executive Officer pay for performance comparison

The graph below shows the value by 30 September 2020 of £100 invested in Brewin Dolphin Holdings PLC in September 2010. The other points plotted are the values at intervening financial year-ends. Brewin Dolphin's TSR has been compared against the FTSE All Share Index, which shows how the Group's shares have performed relative to the market as a whole.

Total Shareholder Return

Source: FactSet



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

	Year ended 30 September										DN[1]	RB[1]	Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**	**2020**	**2020**
Total remuneration (£'000)	643	593	557	577	770	702	713	1,025	1,199	1,091	**539**	**269**	**808**
Annual bonus (% max)	n/a	n/a	39	63	80	67	60	82.6	71.1	57.6	**48.0**	**48.0**	**48.0**
LTIP vesting (% of award)	n/a	n/a	n/a	n/a	n/a	n/a	nil	16.2	74.6	61.8	**–**	**32.2**	**32.2**

1. The 2020 remuneration has been pro-rated between David Nicol and Robin Beer who was appointed Chief Executive Officer on 15 June 2020.

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

	2019 £'000	**2020 £'000**	% change
Chief Executive Officer[1]			
Salary	432	**442**	2.32%
Bonus	376	**320**	(14.75)%
Chief Financial Officer – Siobhan Boylan[2]			
Salary	187	**329**	75.94%
Bonus	162	**240**	48.00%
Chairman – Simon Miller			
Fees	180	**200**	11.11%
Bonus	–	**–**	n/a
Non-Executive Directors			
Kath Cates[3]			
Fees	83	**77**	(7.23)%
Bonus	–	**–**	n/a
Ian Dewar[3]			
Fees	77	**87**	12.99%
Bonus	–	**–**	n/a
Caroline Taylor[4]			
Fees	70	**77**	10.00%
Bonus	–	**–**	n/a
Mike Kellard			
Fees	60	**62**	3.33%
Bonus	–	**–**	n/a
Phillip Monks			
Fees	–	**39**	n/a
Bonus	–	**–**	n/a
Simonetta Rigo			
Fees	60	**62**	3.33%
Bonus	–	**–**	n/a
Average per employee (£)			
Salary	54	**57**	5.00%
Bonus	31	**28**	(11.00%)

1. The salary and bonus for Chief Executive Officer for FY2020 is the sum of the salary and bonus received by each of David Nicol and Robin Beer for the respective periods that they served as Chief Executive Officer.
2. Siobhan Boylan's salary and bonus for FY2019 were pro-rated based on her period of service as a Director, circa 7 months.
3. Kath Cates was the Senior Independent Director until 26 July 2019 when Ian Dewar took over this responsibility.
4. Caroline Taylor is the Remuneration Committee Chairman. The fee for this role was increased from £10,000 to £15,000 effective 1 October 2019.

Chief Executive Officer pay ratio

Last year, in anticipation of the new regulations requiring companies to publish information on the ratio of the Chief Executive Officer's pay to that of other UK employees in the Company, we voluntarily published our Chief Executive Officer pay ratio. We have provided the Chief Executive Officer's pay ratio information below for the year ending September 2020, in comparison with the ratio for the prior year.

In accordance with the regulatory requirements, the table below sets out the ratio between the Chief Executive Officer's total remuneration and the median, 25th and 75th percentile of the total remuneration amongst our UK employees. Total remuneration reflects all remuneration received by an individual in respect of the relevant year, including base salary, benefits, pension, annual bonus awarded, and the value vested from any long-term incentive. As there was a change of Chief Executive Officer during the year, the ratio reflects the pro-rata base salary, annual bonus, pension (where applicable) and benefits in respect of each incumbent for their respective period of office during the year, together with non-prorated LTIP vesting to the incumbent Chief Executive Officer (Robin Beer) in respect of company performance to 30 September 2020, which was granted prior to his appointment as Chief Executive Officer.

Out of the three alternative methods available under the regulations for calculating the ratio, we chose to use Option A. It is the most precise way of identifying employees at P25, P50 (median) and P75, and is generally preferred under shareholder guidelines. Under this approach we calculated total remuneration on a full-time equivalent basis for all of our UK employees and ranked these figures to arrive at the median and the other percentiles.

Percentile	Total Remuneration 2019[1]	Ratio 2019[1]	**Total Remuneration 2020[2]**	**Ratio 2020[2]**
25th percentile	£31,930	34:1	£33,613	31:1
50th percentile	£53,026	20:1	£55,678	19:1
75th percentile	£100,934	11:1	£100,536	10:1

1. In last year's Report, the final figures for employee variable pay were estimated (as the distribution of the pool was not finalised at the time of calculation), but this did not have a significant impact on the ratio. The figures shown above for FY2019 have been 'trued-up' to reflect the final distribution of the variable pay pool.
2. The final figures for employee variable pay for FY2020 are estimated (as the distribution of the pool was not finalised at the time of calculation) but this is not expected to have a significant impact on the ratio. Final figures will be updated in next year's Report.

The table below provides further information on the base salary component within total remuneration.

Percentile	Salary 2019	Ratio 2019	**Salary 2020**	**Ratio 2020**
25th percentile	£27,150	15:1	£25,888	17:1
50th percentile	£41,478	10:1	£41,025	10:1
75th percentile	£69,508	6:1	£70,059	6:1

Our ratio for FY2020 of 19:1 to our median employee total remuneration, is significantly lower than the median of the ratios in other FTSE 250 companies, which is 32:1 based on latest available data. The ratio is also lower than for FY2019, reflecting lower annual bonus and LTIP vesting levels for the Chief Executive Officer role. This relatively low ratio is consistent with the pay, reward and progression policies applicable to the company's employees as a whole. All employees are eligible for incentives, salaries are based on role size and market benchmarks, and there are similar benefits and lower levels of pension contribution for the Chief Executive Officer compared to the median employee.

Our Chief Executive Officer's total remuneration package is relatively low compared to other companies of our size, with below-market median salary, limited pension benefit, and relatively low maximum variable pay to date. It is important to recognise that the ratio is likely to fluctuate from year to year, especially as it is influenced by LTIP vesting value outcomes which vary with share price as well as performance outcomes. It may also be affected by: changes made to the LTIP grant size in accordance with the policy approved by shareholders in 2020, as these grant levels flow through to vesting; and, the effect of the higher base salary that will be applicable to the newly appointed Chief Executive Officer, as detailed elsewhere in this report.

Gender Pay Gap

The Group seeks to create an inclusive workplace with a diverse workforce. The Committee monitors the Gender Pay Gap on a regular basis, and there is a strategy in place to narrow the gap. The mean hourly pay gap improved between FY2018 and FY2019, with figures of 36.7% and 33.0% respectively. Although these gaps are higher than the national average, they are similar to levels elsewhere in the financial services sector. They reflect the profile of the workforce at different job levels, rather than differences in pay between men and women in the same role. Further details are available on the Company's website.

Directors' share interests (Audited)

Outstanding share options and conditional share awards

The tables opposite set out details of Executive Directors' outstanding share awards (which will vest in future years subject to performance and/or continued service). The share price at 30 September 2020 was 233.5p.

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

	Scheme	Grant date	Exercise price	Number of shares at 1 October 2019	Granted during year[1]	Exercised during year	Lapsed during year	**Number of shares at 30 September 2020[1,2]**	End of performance period	Maturity/ vesting date	End of exercise period
David Nicol	DPSP	1/12/16	0.00p	33,344	–	33,344	–	**–**	n/a	1/12/19	1/12/21
	DPSP	30/11/17	0.00p	54,907	–	–	–	**54,907**	n/a	30/11/20	30/11/23
	DPSP	29/11/18	0.00p	44,715	–	–	–	**44,715**	n/a	29/11/21	29/11/24
	DPSP	28/11/19	0.00p	–	31,482	–	–	**31,482**	n/a	28/11/22	28/11/25
Total				132,966	31,482	33,344	–	**131,104**			

	Scheme	Grant date	Exercise price	Number of shares at 1 October 2019[3]	Granted during year[1]	Exercised during year	Lapsed during year	**Number of shares at 30 September 2020[1]**	End of performance period	Maturity/ vesting date	End of exercise period
Robin Beer	DPSP	1/12/16	0.00p	25,516	–	25,516	–	**–**	n/a	1/12/19	1/12/21
	DPSP	30/11/17	0.00p	27,501	–	–	–	**27,501**	n/a	30/11/20	30/11/23
	DPSP	29/11/18	0.00p	34,678	–	–	–	**34,678**	n/a	29/11/21	29/11/24
	DPSP	28/11/19	0.00p	–	30,434	–	–	**30,434**	n/a	28/11/22	28/11/25
Total				87,695	30,434	25,516	–	**92,613**			

	Scheme	Grant date	Exercise price	Number of shares at 1 October 2019	Granted during year[1]	Exercised during year	Lapsed during year	**Number of shares at 30 September 2020[1]**	End of performance period	Maturity/ vesting date	End of exercise period
Siobhan Boylan	DPSP	28/11/19	0.00p	–	12,339	–	–	**12,339**	n/a	28/11/22	28/11/25
Total				–	12,339	–	–	**12,339**			

1. Options under the Deferred Profit Share Plan were granted, in respect of a portion of the annual bonus earned for performance in FY2019.
2. Or on date of retirement.
3. Or on date of appointment.

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

	Scheme[4]	Grant date	Number of shares as at 1 October 2019	Granted during year[2]	Vested during year[1]	Lapsed during year	**Number of shares at 30 September 2020[1]**	End of performance period	Vesting date
David Nicol	LTIP[1]	13/12/17	109,536	–	95,844	13,692	**–**	30/9/20	13/12/20
	LTIP	29/11/18	131,987	–	–	58,768	**73,219**	30/9/21	29/11/21
	LTIP	28/11/19	–	189,130	–	147,025	**42,105**	30/9/22	28/11/22
Total			241,523	189,130	95,844	219,485	**115,324**		

	Scheme[4]	Grant date	Number of shares as at 1 October 2019	Granted during year	Vested during year[1]	Lapsed during year	**Number of shares at 30 September 2020[1]**	End of performance period	Vesting date
Robin Beer	LTIP[1]	13/12/17	64,432	–	64,432	–	**–**	30/9/20	13/12/20
	LTIP	29/11/18	77,639	–	–	–	**77,639**	30/9/21	29/11/21
	LTIP	28/11/19	–	72,463	–	–	**72,463**	30/9/22	28/11/22
Total			142,071	72,463	64,432	–	**150,102**		

	Scheme[4]	Grant date	Number of shares as at 1 October 2019[3]	Granted during year	Vested during year[1]	Lapsed during year	**Number of shares at 30 September 2020[1]**	End of performance period	Vesting date
Siobhan Boylan	LTIP	28/11/19	–	141,304	–	–	**141,304**	30/9/22	28/11/22
Total			–	141,304	–	–	**141,304**		

1. Actual vesting date is 13 December 2020. Figures shown are the number of shares vested at the end of the three-year performance period, 30 September 2020.
2. The Chief Executive (David Nicol) and the Chief Financial Officer received awards under the LTIP with a face value of 150% of base salary. The awards are subject to the performance conditions as set out in last year's Remuneration Report. 25% of the awards vest for threshold performance and 100% for stretch performance.
3. Or on date of appointment.
4. For LTIP performance conditions refer to page 88.

Share Award Agreement ('SAA')

	Scheme	Grant date	Number of shares at 1 October 2019	Granted during year	Vested during year	Lapsed during year	**Number of shares at 30 September 2020[1]**	Vesting date
Siobhan Boylan	SAA	29/3/19	63,415	–	63,415	–	**–**	30/4/20
	SAA	29/3/19	45,810	–	–	–	**45,810**	30/4/21
	SAA	29/3/19	32,278	–	–	–	**32,278**	2/5/22
	SAA	29/3/19	7,287	–	–	–	**7,287**	29/3/22
Total			148,790	–	63,415	–	**85,375**	

Share awards were granted to Siobhan Boylan during FY2019 to replace the share awards forfeited on leaving her previous employer. These awards will vest from 2021 to 2022. Please see note 31 to the Financial Statements for more information.

Beneficial interests and Minimum Shareholding Requirement ('MSR')

To further align the interests of Executive Directors with shareholders, Executive Directors are required to build up a shareholding within five years of appointment date (15 June 2020 for Robin Beer and 4 March 2019 for Siobhan Boylan). Under the DRP that was approved by shareholders at the 2020 AGM, the current MSR for both Executive Directors is 200% of base salary. Executive Directors are also required to maintain a shareholding for two years post-cessation, in accordance with the DRP. This is enforced through a written agreement with the individuals.

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

Director	Beneficially owned 30 September 2019	Outstanding DPSP awards	Outstanding LTIP awards	Outstanding SAA	Beneficially Owned at 30 September 2020[1]	Percentage of MSR[2,5]	Beneficially Owned at 20 November 2020
David Nicol[1]	207,215	131,104	211,168	–	**273,062**	179%	n/a
Robin Beer[4]	n/a	92,613	214,534	–	**75,144**	61%	75,279
Siobhan Boylan[3]	53,400	12,339	141,304	85,375	**86,902**	97%	86,902
Simon Miller	80,000	–	–	–	**80,000**	n/a	80,000
Kath Cates	5,587	–	–	–	**5,587**	n/a	5,587
Ian Dewar	6,358	–	–	–	**6,358**	n/a	6,358
Caroline Taylor	10,000	–	–	–	**14,500**	n/a	14,500
Michael Kellard	5,493	–	–	–	**16,096**	n/a	16,096
Phillip Monks	n/a	–	–	–	**–**	n/a	–
Simonetta Rigo[1]	6,000	–	–	–	**15,250**	n/a	n/a
Paul Wilson[1]	8,596	–	–	–	**8,596**	n/a	n/a

1. Holdings as at year end or date of appointment/resignation if relevant.
2. Includes 53% of outstanding DPSP options and 53% of the 2017 LTIP award which will vest at 32.2% on 13 December 2020 but met its performance criteria on 30 September 2020. These are included on a net of tax basis.
3. Siobhan Boylan was appointed on 4 March 2019. Her shareholding includes shares awarded under the Share Award Agreement, on a net of tax basis, which replaces the shares forfeited on leaving her former employer.
4. The increase of 135 shares was as a result of two monthly Share Incentive Plan purchases.
5. The percentage shown is based on the current MSR that apply.

Deferred bonus

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

Share Incentive Plan ('SIP')

Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Group ('Partnership Shares'). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one Matching Share up to a total value of £20. These shares are held in an employee benefit trust (the 'Trust'). Market purchase shares are used to satisfy all shares purchased under the SIP and it is the intention of the Directors to continue this practice for the forthcoming financial year. Our participation rate as at 30 September 2020 is 57% and this compares favourably to market norms.

Dilution

By agreement with shareholders, the aggregate number of shares which may be issued at any date of grant, when aggregated with shares issued or issuable pursuant to options or awards granted in the preceding 10 years under any employee share plan operated by the Group, shall not exceed 10% of the issued share capital. Within this 10% limit, the aggregate number of shares which may be issued under discretionary schemes targeted at executives and other key roles shall not exceed 5% of the issued share capital in any 10-year rolling period. The current cumulative dilution level over the 10-year period to 30 September 2020 is 1.49%.

Material contracts with Directors

There were no material contracts between the Group and the Directors, except for their contracts of employment or letters of appointment. The Directors undertake transactions in 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.

Total pension entitlements

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

Defined benefit pension scheme

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

Death-in-service benefits

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

Private Medical Insurance ('PMI')

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

Group Income Protection ('GIP')

Executive Directors are eligible for GIP cover at the rate of 25% of their base salary. They may elect to increase this cover to 50% of base salary at their own cost.

Relative importance of the spend on pay (Audited)

	2019 '000	**2020 '000**	Change
Staff costs	£166,830	**£179,418**	8%
Dividends	£48,394	**£42,234**	(13%)

Staff costs – average salary per employee has increased by 5% and the average bonus per employee has reduced by 11% respectively, however the overall staff costs number has increased due to increased head count and the impact of acquisitions (see page 90).

External advisers

The Remuneration Committee was advised by the Executive Compensation Practice of Aon plc until 14 June 2020 and appointed Alvarez & Marsal from 15 June 2020. They are members of the Remuneration Consultants Group and abide by its code of conduct which requires advice to be impartial and objective. Alvarez & Marsal has no other connections with the Group. The total fees paid in respect of services provided by Aon and Alvarez & Marsal to the Committee during the year were £98,282.

External directorships

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

Executive Director	Company	Position	2019	**2020**
David Nicol	Hermes Property Unit Trust	Chair of appointment committee	£40,000	**£28,333**[1]

1. David Nicol's fees have been pro-rated for the period 1 October 2019 until 14 June 2020.

Statement of shareholder voting

The Directors' Annual Report on Remuneration received the following votes from shareholders at the 2020 AGM:

	Remuneration Policy	%	**Annual Report on Remuneration**	%
Votes cast in favour	200,463,249	89.5%	217,288,822	97.0%
Votes cast against	23,475,000	10.5%	6,646,409	3.0%
Total votes cast	223,938,249		223,935,231	
Abstentions	170,857		173,875	

Fees for the Chairman and the Non-Executive Directors

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

The Non-Executive Directors' fees were last reviewed during 2019. Effective 1 October 2019, the Board agreed to increase the Non-Executive Directors' base fee to £62,000 (the last increase was January 2017) and to set all the Committee chairs' fees at £15,000 per annum. The Remuneration Committee agreed to increase the Chairman's fee to £200,000 effective 1 October 2019. There were no fee increases as at 1 October 2020.

	1 October 2019	**1 October 2020**	Change in fees
Chairman	£200,000	**£200,000**	–
Base fee	£62,000	**£62,000**	–
Senior Independent Director	£10,000	**£10,000**	–
Committee chair	£15,000	**£15,000**	–

Performance targets for FY2021 annual bonus, and LTIP awards to be granted in FY2021

For FY2021, the annual bonus will be based on performance against a balanced scorecard comprising four key performance areas.

Key performance areas	Weighting (each measured independently)
Adjusted PBT	20%
Discretionary funds net inflows	20%
Total income	20%
Non-financial targets	40%

Targets for FY2021 annual bonus will be disclosed in next year's Report.

The LTIP awards to be granted in FY2021 will be subject to three separate performance metrics shown below, each accounting for one-third of the award. The targets have been set with reference to the internal medium-term plans. There is also a general underpin that the Committee will assess the overall health of the business and whether prudent risk management has been applied and may scale back the vesting level if it considers this to be appropriate.

LTIP performance metric	Weighting (each measured independently)	Threshold (25% vesting)	Stretch (100% vesting)	Measurement period
Adjusted EPS CAGR	33.3%	2.5%	10.0%	CAGR measured over the three financial years FY2021, FY2022 and FY2023, using FY2020 as the base year.
Average annual discretionary net funds inflows	33.3%	2.0%	6.0%	Average over the three financial years FY2021, FY2022 and FY2023.
Average annual total income growth	33.3%	2.0%	6.0%	Average over the three financial years FY2021, FY2022 and FY2023.

The Committee has amended the LTIP rules to allow for adjustment at or prior to vesting in FY2024 if the Committee considers there has been an unjustified windfall gain resulting from severely depressed market share prices at the time of grant. The Committee's assessment of whether an unjustified windfall gain has arisen will take account of all the circumstances, including the overall performance achieved by the Group, the impact of the COVID-19 pandemic, and the movement in stock market indices, on incentive plans and share awards.

Directors' Remuneration Policy (the 'Policy')

This Policy describes the policies, principles and structures that provide the parameters for the Remuneration Committee's decision-making in executive remuneration. The current Policy was approved by the shareholders at the 2020 AGM and is applicable to FY2020-2023. The Committee carried out a detailed review of the previous Policy during 2019, taking into account the 2018 UK Corporate Governance Code and feedback received from shareholders and voting agencies.

Remuneration principles and objectives

The primary objectives of the Policy are:

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

The main principles of the Policy are:

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

Remuneration Policy for Executive Directors

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
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.	Executive Directors receive a base salary plus Private Medical Insurance (PMI) at single cover. They are eligible to participate in the Group Death in Service insurance, plus the Group Income Protection (GIP) in line with other employees. In addition, they can elect to purchase additional PMI and GIP benefits from net salary. Executive Directors can choose to sacrifice salary into the Group's defined contribution pension scheme. The Company does not provide any other pension allowance for contribution for the Executive Directors other than the statutory auto-enrolment minimum. The Company can reimburse Directors' reasonable business expenses (including tax thereon if applicable). Individual levels of base salary are reviewed annually, with any increases normally effective from 1 January, unless there are exceptional reasons for an increase at another time of the year. Any increases are generally targeted at around the general level of salary inflation in the Group, but may vary from this for exceptional reasons such as a change in the individual's role or responsibilities, or a need to bring an individual's remuneration to a market competitive level.	Base salary is benchmarked against relevant peers, and is targeted to be not more than the approximate 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.	Performance measures, targets and weightings are reviewed annually and set in line with the annual business plan. Actual measures and weightings may change from year to year to reflect the business priorities at that time. Portion of annual bonus — What fraction is deferred? Up to £50,000 — None Between £50,000 and 1 x fixed — One-third remuneration Above 1 x fixed remuneration — Two-thirds The Committee has the discretion to override formulaic bonus outcomes, where necessary, under both the financial and non-financial performance metrics, to take account of wider factors. Malus and clawback provisions may apply in exceptional situations, such as misstatement of performance, failure of risk management, serious misconduct, serious reputational damage, corporate failure resulting from executive actions or failure to act.	The maximum individual award of annual variable pay is 150% of base salary. 60% of maximum opportunity may be payable for on-target performance.

Remuneration Policy for Executive Directors

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

Remuneration Policy for Executive Directors

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

The scenario bar charts relating to the policy were included in the Report for FY2019, which is available in the Annual Report for FY2019 on the Company's website.

Remuneration Committee discretion

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

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

How the views of shareholders are taken into account

The Remuneration Committee compares the Policy with shareholder guidelines and takes account of shareholder voting. The Remuneration Committee Chair consults with major investors ahead of any material changes to the Policy and, along with the Company Secretary, is available to meet with institutional shareholders to discuss any of the policy-related disclosures or outcomes contained in this Directors' Remuneration Report. As a result of the COVID-19 pandemic, the Remuneration Committee Chair has consulted with major investors in relation to FY2020 remuneration.

Details of votes cast for and against the resolution to approve last year's Remuneration Report are provided on page 93.

Consideration of employment conditions elsewhere in the Group

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

Caroline Taylor is the Non-Executive Director responsible for employee engagement and she reports her findings to the Board, page 62.

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

Benchmarking

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

Differences in remuneration policy for Executive Directors compared to other employees

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

External non-executive director positions

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

Approach to remuneration for new Executive Director appointments

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

Service contracts and loss of office payments

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

In summary, the contractual provisions are:

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

The Group has power to enter into settlement agreements with executives and to pay compensation to settle potential legal claims. Any outstanding share-based entitlements granted to an Executive Director under the Group's LTIP or other share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment.

However, in certain prescribed circumstances, such as death, disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied. In such cases, the normal practice, unless there are exceptional circumstances, is for any LTIP awards held to be pro-rated for the period of the performance period that has expired, and the performance conditions would continue to apply. Share awards under the DPSP will vest in full on the original vesting schedule. An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Legacy arrangements

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

Policy for the Chairman and other Non-Executive Directors

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

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

Compliance with the FCA Remuneration Code

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

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

Caroline Taylor
Chairman of the Remuneration Committee

24 November 2020

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:

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

- Stakeholder Engagement, Corporate Governance Report pages 64-65.
- Employee Engagement, Corporate Governance Report page 62.

The above information is incorporated by reference and together with the information on pages 100 to 102 forms the Directors' Report in accordance with section 415 of the Companies Act 2006.

Strategic Report

The Strategic Report is set out on pages 2 to 51 and was approved by the Board on 24 November 2020. It is signed on behalf of the Board by Robin Beer, Chief Executive Officer.

Cautionary statement

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

Share capital

Details of the Company's authorised and issued share capital, together with details of the movements therein, are set out in note 27 to the Financial Statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

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

Employee share plans

Details of employee share plans are set out in note 31 to the Financial Statements. Under the rules of the Group's Share Incentive Plan ('SIP'), shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustee'). Voting rights are exercised by the Trustee on receipt of a participant's instructions; if no such instruction is received by the Trustee then no vote is registered. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Articles of Association

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

Substantial shareholdings

As at 30 September 2020, the Company had received notifications in accordance with the FCA's Disclosures and Transparency Rule 5.1.2 of the following interests of 3% or more in the voting rights of the Company.

Shareholder	Number of voting rights	% of voting rights
Henderson Group PLC	14,426,962	5.09%
FIL Investment International	12,477,394	5.00%
Janus Henderson Group PLC	Below 5%	Below 5%
BlackRock, Inc.	Below 5%	Below 5%
Royal London Asset Management	15,142,075	4.99%
Aberforth Partners	15,105,178	4.98%
FIL Limited	14,092,698	4.97%
J O Hambro Capital Management	13,847,348	4.89%
Legal & General	8,563,901	3.99%
Kames Capital	8,756,747	3.08%

Annual General Meeting

The AGM will be held on 5 February 2021. Further information can be found in Notice of Meeting.

Purchase of own shares

At the AGM on 7 February 2020, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum of 10% of its issued Ordinary Shares. This resolution remains valid until the conclusion of the next AGM in 2021. The Directors had not used this authority at the date of this report.

Directors' Insurance

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

Employees

The average number of persons, including Directors, employed by the Group and their remuneration is set out in note 7 to the Financial Statements. Other information about the Group's employee engagement, diversity and inclusion policies is set out in the Our People and Culture, and Corporate Social Responsibility Reports starting on page 40. The Group-wide gender diversity split as at 30 September 2020 was 44% female and 56% male.

Internal control and risk management

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

Greenhouse Gas Emissions ('GHG')

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

Global Greenhouse Gas ('GHG') emissions data for the year ended 30 September 2020

	Oct 2019-Sept 2020		Oct 2018-Sept 2019	
	UK and offshore	**Global (exc UK and offshore)**	UK and offshore	Global (exc UK and offshore)
Emissions from activities for which the company own or control – combustion of fuel (Scope 1) : tCO_2e	**224**	**11**	345	14
Emissions from activities for which the company own or control – operation of facilities (Scope 1) : tCO_2e	**–**	**–**	–	–
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) : tCO_2e	**673**	**25**	737	17
Total gross Scope 1 & Scope 2 emissions : tCO_2e	**897**	**36**	1,082	31
Energy consumption used to calculate above emissions: kWh	**3,730,672**	**118,547**	4,291,208	113,414
Intensity ratio: tCO_2e (gross Scope 1 + 2) / FTE	**0.40**	**0.38**	0.54	0.76
Emissions from Fuel and energy related activities (Scope 3 category 3) : tCO_2e	**255**	**4**	279	4
Emissions from employee business travel for which the company does not own or control (Scope 3 category 6) : tCO_2e	**362**	**–**	525	–

General methodology and additional information

The table above reports our annual GHG emissions from sources as required the Companies and Limited Liability Partnerships Regulations 2018 which implements the government's policy on Streamlined Energy Carbon Reporting. These sources fall within our consolidated financial statements. We have included most of the emission sources that we have responsibility for but have omitted some emission sources based on materiality and a lack of data. Details of the emissions which we have omitted are given in the "Emission sources not reported" section below. The Scope 2 emissions calculations for purchased electricity follow the location-based methodology of the GHG Protocol.

This is our seventh year of reporting as a quoted company. We have used Sphera-Cloud – Corporate Sustainability software to gather energy use data (natural gas and electricity) as well as data on hydrofluorocarbons and Business Mileage data and have applied emission factors from the 2019 update to DEFRA. For Brewin Dolphin's international operations (i.e. Dublin), please note International Energy Agency's electricity emission factor is applied for Scope 2 and for all Scope 3 electricity emissions we have used the GaBi system emission factor set. We have reported our operation in Jersey under UK.

Groupwide, we have consolidated our Sustainability Team and will be working on our Environmental Strategy. We completed our first Carbon Disclosure Project response in Summer 2020 on 2018/2019.

Note that in this reporting year (2019/2020) no fugitive emissions, i.e. emissions from refrigerant losses, occurred as there have not been any replacements of our Direct Expansion systems.

Emission sources not reported

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

- Only some of the offices we operate directly make use of gas and we have included this in our emissions from combustion of fuel. We do not have distinct data on heat/steam for our other offices as this is most likely embedded in the office service charges that we pay. As a result, we have not currently reported on purchased heat or steam.
- Three small offices were not included in the review as they were deemed not to be material.

Data quality for electricity and gas consumption

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

- Consumption bills from suppliers/reports from property agents, meter read evidence etc. (exact data); and
- Our approximations based on exact data (estimated data).

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

- We identified that there were some offices that had incomplete electricity or gas consumption figures for certain months over the current reporting period. In such situations, we chose the following approach to estimate the consumption data for the missing months. We identified the month(s) in the dataset with electricity consumption, calculated the daily consumption figure and applied this daily figure to the month(s) that had missing data.
- In some other cases, there were offices that we had no electricity and or gas consumption data for. In these situations, we used an average consumption intensity per square foot across offices with reliable data in the current reporting period. We then used these average annual "consumptions per square foot" intensities to estimate the annual electricity/gas consumption of the offices with no electricity/gas consumption data, based on individual floor areas.

Energy efficiency action taken

Brewin Dolphin carried out an Energy Savings Opportunity Scheme (ESOS) assessment during Autumn 2019. We have begun to implement actions identified from the work including:

- Replacement of T5 lights with LED lights across some floors of the Edinburgh office. The remainder of lights for this office are scheduled to be replaced during Autumn 2020.
- Replacement of over 50% of the T5 lights with LED lights at our Newcastle office.

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditor

A resolution to appoint Ernst & Young LLP (EY) as the Group's new external auditor following completion of the audit tender undertaken during the Group's financial year ended 30 September 2019 will be proposed at the forthcoming AGM.

Approved for and on behalf of the Board.

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

24 November 2020

Statement of Directors' Responsibility

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

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

In preparing the Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and Uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 24 November 2020 and is signed on its behalf by

Robin Beer
Chief Executive Officer

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Brewin Dolphin Holdings plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 8 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition; • Impairment of goodwill and client relationships; • Assumptions underlying the calculation of the pension scheme liability; and • Acquisition accounting for Investec Capital and Investments (Ireland) Limited ("ICIIL"). These matters are consistent with the prior year, with the exception of the acquisition accounting for ICIIL which is a new key audit matter.
Materiality	The materiality that we used for the group financial statements was £3.1m which was determined on the basis of 5% of profit before tax from continuing operations.
Scoping	The scope of our audit covered substantially the entire group, with the following entities in scope, in addition to the parent company: • Brewin Dolphin Limited; • Brewin Dolphin Wealth Management Limited; and • Brewin Dolphin MP Limited.
Significant changes in our approach	There have been no significant changes in our audit approach in 2020, aside from the inclusion of acquisition accounting as new a key audit matter following the acquisition of Investec Capital and Investments (Ireland) Limited ("ICIIL") by Brewin Dolphin Wealth Management Limited in the period.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the directors' statement in note 3b(ii) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the group, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on page 44 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 46 that they have carried out a robust assessment of the principal and emerging risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 49 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the group to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the audit team.

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

5.1. Revenue recognition

Key audit matter description	As detailed in the summary of significant accounting policies in note 3 and note 5, revenue comprises investment management fees of £247.2m (2019: £232.2m), commissions of £77.8m (2019: £66.7m) and other income of £36.5m (2019: £40.2m). Investment management fees account for approximately 68% of total revenue and are based on a percentage of individual clients' funds under management. There is a risk that incorrect rates or fund valuations are used to calculate management fees. This risk increases where amendments are required to be made to system calculated fees due to the requirement for manual intervention. As a result, we consider there to be increased risk due to fraud or error.
How the scope of our audit responded to the key audit matter	We obtained an understanding of and tested the relevant controls over the calculation of management fees. This included controls over system generated investment management fees, including associated IT controls and controls over amendments to client fees. We selected a sample of quarterly investment management fee calculations for individual clients and recalculated the system generated amount. For a sample of fees, we agreed the rates used to client contracts and the value of funds under management to third party sources and challenged the rationale and authorisation of any amendments to the system generated fee. We reviewed client communications, new accounts and transfers for a sample of clients to challenge the completeness of manual fee amendments.
Key observations	Through our testing, we concluded that investment management fees were appropriately stated for the year ended 30 September 2020.

5.2. Impairment of goodwill and client relationships

Key audit matter description	Historically, the group has expanded through acquisitions leading to the recognition of goodwill and client relationships of £128.1m (2019: £103.2m). As detailed in the Audit Committee Report on page 76 and in the summary of significant accounting policies in note 3 and note 13 intangible assets, client relationships are reviewed for indicators of impairment at each reporting date in accordance with IAS 36 and, if an indicator of impairment exists, an impairment test is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist. The impairment test requires an estimation of the recoverable amount for each of the group's cash-generating units ("CGUs") and where the carrying amount exceeds the recoverable amount an impairment should be recorded. Where the carrying value exceeds the recoverable amount, an impairment should be recorded. The recoverable amount is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). Management has historically estimated the recoverable amount of CGUs by calculating the FVLCTS using a multiple of funds under management by reference to recent market transactions. Due to the economic uncertainty caused by the COVID-19 pandemic, it was difficult to estimate a reliable fair value and, therefore, management's impairment test also used a VIU methodology based on discounting expected future cash flows. The assumptions used, including the discount rate and the revenue assumptions in the cash flow forecasts, are inherently judgemental and, as a result, we consider there to be an increased risk due to fraud or error.

5.2. Impairment of goodwill and client relationships continued

How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the completeness and accuracy of the production of funds under management data. We also obtained an understanding of the relevant controls over the impairment test performed by management. In assessing management's impairment assessment for intangible assets, we have reviewed their methodology for compliance with the requirements of IAS 36 "Impairment of Assets" and challenged the assumptions and judgements made. We performed the following procedures to challenge the key assumptions used in the VIU impairment assessment: • Supported by our valuation specialists, we challenged management's discount rate by comparing it to our independently derived range; • Focusing on those assumptions where the impairment test was most sensitive, we challenged management's assumptions used to forecast the cash flows of the group's CGUs by reference to recent trading performance, taking into account the impact of Covid-19 and the Group's strategy; • We compared management's actual results to previous forecasts to assess their historical forecasting accuracy; and • Supported by our valuation specialists, we challenged the long term growth rate used by comparison to third party benchmarks. Additionally we sample tested the completeness and accuracy of funds under management by CGU and challenged the percentages management applied to market values of funds under management to determine the FVLCTS of each CGU. We validated these against percentages derived from recent public acquisitions of fund management businesses and the calculated the sensitivity of the impairment assessment to changes in the percentages applied.
Key observations	Through our testing, we concurred with management's assessment that no impairments were required to goodwill or client relationships.

5.3. Assumptions underlying the calculation of the pension scheme liability

Key audit matter description	The group has recognised a defined benefit pension surplus of £20.3m (2019: £17.3m surplus). The net surplus comprises assets of £126.1m and liabilities of £105.6m. The calculation of the liability is sensitive to changes in underlying assumptions and is considered to be a key source of estimation uncertainty for the group as detailed in note 4, disclosed in note 18 and on page 76 of the Audit Committee report. The key assumptions are the discount rate, inflation rate and mortality rate where small changes to these assumptions could result in a material change to the pension liability valuation.
How the scope of our audit responded to the key audit matter	In order to evaluate the appropriateness of the assumptions used by management, we performed the following procedures: • obtained an understanding of the relevant controls over the review of assumptions; • Used our own actuarial experts to make direct enquiries of the group's actuary to challenge the key actuarial assumptions adopted in the IAS 19 ("Employee Benefits") pension valuation; and • Compared the discount rate, inflation rate and mortality assumptions to our independently determined benchmarks derived using market and other data.
Key observations	Through the work performed, we concluded that the assumptions underlying the pension scheme liability for the year ended 30 September 2020 were within our independently determined range.

5.4. Acquisition accounting for Investec Capital and Investments (Ireland) Limited ("ICIIL").

Key audit matter description	As set out in note 35a, during the period Brewin Dolphin Wealth Management Limited acquired 100% of Investec Capital and Investments (Ireland) Limited ("ICIIL"). The acquisition was accounted for as a business combination, under IFRS 3. The difference between the fair value of consideration of £43.4m and the fair value of net assets acquired of £41.3m including client relationships intangibles of £32.1m, was recognised as goodwill of £2.0m. As explained on page 76 in the Audit Committee report and in note 4, the determination of the fair value of net assets acquired including the valuation of client relationships intangibles and goodwill requires judgement and the use of assumptions such as revenue assumptions in the cash flow forecasts.
How the scope of our audit responded to the key audit matter	We performed an independent assessment of the acquisition accounting to assess whether it is in compliance with IFRS 3, which included the following: We independently determined the acquisition date, resulting measurement period and the consideration paid, including deferred consideration. We evaluated management's identification and assessment of the separately identifiable assets acquired, including any fair value adjustments required. We challenged the cash flow forecasts used to estimate the fair value of client relationship intangibles. We challenged the split of goodwill and client relationships by benchmarking to other acquisitions in the industry and evaluating management's approach to determining the fair value of the client intangibles. We tested the mathematical accuracy of the calculations performed by management to determine the amounts of client relationship intangibles and goodwill recognised.
Key observations	Through our testing, we concurred with management's accounting of the ICIIL acquisition in the period and the valuation of the intangibles and goodwill arising from the acquisition.

6. Our application of materiality

6.1. Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£3.1m (2019: £3.1m)	£2.6m (2019: £2.6m)
Basis for determining materiality	5% of profit before tax which is consistent with our approach for the prior year audit.	We determined materiality based on 1% of net assets which is consistent with our approach for the prior year audit.
Rationale for the benchmark applied	Profit before tax was used as the basis for determining materiality as this is the key metric used by members of the parent company and other relevant stakeholders in assessing financial performance.	The parent company primarily holds the investments in group entities and, therefore, net assets is considered to be the key focus for users of the financial statements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of 5% of materiality, £155,000 (2019: £156,000), 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.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The group consists of the main trading subsidiary, Brewin Dolphin Limited along with Brewin Dolphin Wealth Management Limited, Brewin Dolphin MP Limited, BDDL Limited, Aylwin Limited and Mathieson Consulting Limited. Consistent with the prior year we focused our group audit scope primarily on Brewin Dolphin Limited which was subject to a full audit, and Brewin Dolphin Wealth Management Limited and Brewin Dolphin MP Limited, which were subject to an audit of specified account balances.

Our full scope audits and audits of specified balances covered 99% (2019: 99%) of the group's revenue and profit before tax. Our audit of Brewin Dolphin Limited used a component materiality of £2.9m (2019: £3.1m).

7.2. Our consideration of the control environment

Our group audit was scoped by obtaining an understanding of the group and its control environment and assessing the risks of material misstatement in the group's financial statements.

Based on our understanding of the group's control environment, we elected to test controls, including the involvement of IT specialist to assess the associated IT controls, in the following areas:

- Discretionary investment management fee income;
- Investment management commission income;
- Execution only fee income;
- Other operating costs; and
- Trade debtors and creditors.

7.3. Working with other auditors

The majority of the operations of the group are based in the United Kingdom and are audited by the group engagement team. The only exception to this is Brewin Dolphin Wealth Management Limited, an Irish company, which represents approximately 6.5% (2019: 3.1%) of revenue and is audited by another Deloitte member firm which is consistent with the prior year.

Where processes relevant to the group audit are performed centrally in the United Kingdom these have been audited by the group engagement team.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, valuations, pensions and IT, for regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and the impairment of goodwill and client relationships. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's regulatory requirements under the rules of the Financial Conduct Authority.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition and Impairment of goodwill and client relationships as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- enquiring of management and the Audit Committee concerning instances of actual and suspected non-compliance with regulation;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. 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.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders at the Annual General Meeting in April 2002 to audit the financial statements for the year ended 30 September 2002 and subsequent periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 30 September 2002 to 2020.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

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

Robert Topley FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom
24 November 2020

Agility & Resilience

Financial Statements

Contents

Consolidated Income Statement

Year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Revenue	5	**359,164**	336,301
Other operating income	5	**2,283**	2,808
Income		**361,447**	339,109
Staff costs	7	**(199,485)**	(184,896)
Amortisation of intangible assets – client relationships and brand	13	**(11,072)**	(6,858)
Defined benefit pension scheme past service costs	18	**–**	(1,909)
Acquisition costs	35	**(3,600)**	(2,337)
Onerous contracts		**(250)**	(996)
Incentivisation awards		**(1,192)**	(340)
Other operating costs		**(82,056)**	(80,812)
Operating expenses		**(297,655)**	(278,148)
Operating profit		**63,792**	60,961
Finance income	9	**907**	1,708
Other gains and losses		**–**	1
Finance costs	9	**(2,627)**	(146)
Profit before tax		**62,072**	62,524
Tax	10	**(14,117)**	(14,457)
Profit for the year		**47,955**	48,067
Attributable to:			
Equity holders of the parent		**47,955**	48,067
		47,955	48,067
Earnings per share			
Basic	12	**16.3p**	17.0p
Diluted	12	**15.9p**	16.6p

Consolidated Statement of Comprehensive Income

Year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Profit for the year		**47,955**	48,067
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on defined benefit pension scheme	18	**1,377**	5,601
Deferred tax charge on actuarial gain on defined benefit pension scheme	26	**(609)**	(945)
Fair value (loss)/gain on investments in equity instruments designated as at fair value through other comprehensive income	20	**(5)**	1
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**–**	200
Tax on gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		**–**	(38)
		763	4,819
Items that may be reclassified subsequently to profit and loss:			
Loss on cash flow hedge		**–**	(24)
Exchange differences on translation of foreign operations		**1,245**	(67)
		1,245	(91)
Other comprehensive income for the year net of tax		**2,008**	4,728
Total comprehensive income for the year		**49,963**	52,795
Attributable to:			
Equity holders of the parent		**49,963**	52,795
		49,963	52,795

Consolidated Balance Sheet

As at 30 September 2020

	Note	2020 £'000	As at 1 October 2019[1] £'000	At 30 September 2019 £'000
Assets				
Non-current assets				
Intangible assets	13	**174,717**	117,246	117,246
Property, plant and equipment	14	**9,723**	10,442	10,659
Right of use assets	15	**38,042**	43,305	–
Finance lease receivables	16	**1,966**	1,181	–
Other receivables	19	**931**	688	–
Defined benefit pension scheme	18	**20,324**	17,373	17,373
Total non-current assets		**245,703**	190,235	145,278
Current assets				
Trade and other receivables	19	**241,939**	214,841	216,212
Finance lease receivables	16	**167**	118	–
Financial assets at fair value through other comprehensive income	20	**68**	79	79
Financial assets at fair value through profit or loss	20	**379**	373	373
Current tax		**3,909**	–	–
Cash and cash equivalents	21	**180,533**	229,199	229,199
Total current assets		**426,995**	444,610	445,863
Total assets		**672,698**	634,845	591,141
Liabilities				
Trade and other payables	22	**256,036**	217,882	220,921
Current tax		**–**	6,035	6,035
Lease liabilities	23	**8,316**	6,653	–
Provisions	24	**4,798**	3,829	4,350
Total current liabilities		**269,150**	234,399	231,306
Net current assets		**157,845**	210,211	214,557
Non-current liabilities				
Trade and other payables	22	**459**	832	832
Shares to be issued	25	**3,738**	3,668	3,668
Net deferred tax liability	26	**9,094**	1,376	2,699
Lease liabilities	23	**45,265**	51,131	–
Provisions	24	**9,956**	11,549	14,933
Total non-current liabilities		**68,512**	68,556	22,132
Total liabilities		**337,662**	302,955	253,438
Net assets		**335,036**	331,890	337,703
Equity				
Share capital	27	**3,032**	3,032	3,032
Share premium account	27	**58,340**	58,238	58,238
Own shares	28	**(25,238)**	(25,214)	(25,214)
Hedging reserve	29	**–**	(24)	(24)
Revaluation reserve	29	**(2)**	3	3
Merger reserve	29	**70,553**	70,553	70,553
Profit and loss account		**228,351**	225,302	231,115
Equity attributable to equity holders of the parent		**335,036**	331,890	337,703

1. Presented following the adoption of IFRS 16 'Leases' – see notes 2 and 37 for more detail.

Approved by the Board of Directors and authorised for issue on 24 November 2020.

Signed on its behalf by

Robin Beer
Chief Executive Officer

Siobhan Boylan
Chief Financial Officer

Consolidated Statement of Changes in Equity

Year ended 30 September 2020

	Note	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account[1] £'000	Total £'000
		Attributable to the equity holders of the parent							
At 30 September 2018		2,834	152,477	(26,060)	–	2	70,553	73,931	273,737
Profit for the year		–	–	–	–	–	–	48,067	48,067
Other comprehensive income for the year					–				
Deferred and current tax on other comprehensive income		–	–	–	–	–	–	(983)	(983)
Actuarial gain on defined benefit pension scheme	18	–	–	–	–	–	–	5,601	5,601
Fair value movement on investments in equity instruments designated as at fair value through other comprehensive income	20	–	–	–	–	1	–	–	1
Gain on disposal of investments in debt instruments designated as at fair value through other comprehensive income		–	–	–	–	–	–	200	200
Loss on cash flow hedge		–	–	–	(24)	–	–	–	(24)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(67)	(67)
Total comprehensive (expense)/income for the year		–	–	–	(24)	1	–	52,818	52,795
Dividends	11	–	–	–	–	–	–	(45,986)	(45,986)
Issue of share capital		2	95	–	–	–	–	–	97
Placing of shares		196	58,181	–	–	–	–	–	58,377
Own shares acquired in the year	28	–	–	(8,898)	–	–	–	–	(8,898)
Own shares disposed of on exercise of options	28	–	–	9,744	–	–	–	(9,744)	–
Share-based payments		–	–	–	–	–	–	7,769	7,769
Share premium reduction		–	(152,515)	–	–	–	–	152,515	–
Tax on share-based payments		–	–	–	–	–	–	(188)	(188)
At 30 September 2019		3,032	58,238	(25,214)	(24)	3	70,553	231,115	337,703
Effect of change in accounting policy for initial application of IFRS 16	37	**–**	**–**	**–**	**–**	**–**	**–**	**(5,813)**	**(5,813)**
At 1 October 2019		**3,032**	**58,238**	**(25,214)**	**(24)**	**3**	**70,553**	**225,302**	**331,890**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**47,955**	**47,955**
Other comprehensive income for the year									
Deferred tax on other comprehensive income	26	**–**	**–**	**–**	**–**	**–**	**–**	**(609)**	**(609)**
Actuarial gain on defined benefit pension scheme	18	**–**	**–**	**–**	**–**	**–**	**–**	**1,377**	**1,377**
Fair value movement on investments in equity instruments designated as at fair value through other comprehensive income	20	**–**	**–**	**–**	**–**	**(5)**	**–**	**–**	**(5)**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**–**	**1,245**	**1,245**
Total comprehensive (expense)/income for the year		**–**	**–**	**–**	**–**	**(5)**	**–**	**49,968**	**49,963**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**–**	**(48,393)**	**(48,393)**
Issue of share capital	27	**–**	**102**	**–**	**–**	**–**	**–**	**–**	**102**
Own shares acquired in the year	28	**–**	**–**	**(8,388)**	**–**	**–**	**–**	**–**	**(8,388)**
Own shares disposed of on exercise of options	28	**–**	**–**	**8,364**	**–**	**–**	**–**	**(8,364)**	**–**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**–**	**9,779**	**9,779**
Hedge reversal		**–**	**–**	**–**	**24**	**–**	**–**	**–**	**24**
Tax on share-based payments		**–**	**–**	**–**	**–**	**–**	**–**	**59**	**59**
At 30 September 2020		**3,032**	**58,340**	**(25,238)**	**–**	**(2)**	**70,553**	**228,351**	**335,036**

1. A cumulative credit of £1,164k has been recognised in the profit and loss account reserve as at 30 September 2020 for exchange differences on translation of foreign operations (2019: £81k debit, 2018: £14k debit).

Company Balance Sheet

As at 30 September 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investment in subsidiaries	17	**238,659**	192,215
Total non-current assets		**238,659**	192,215
Current assets			
Trade and other receivables	19	**35,042**	38,967
Cash and cash equivalents	21	**1,256**	47,000
Total current assets		**36,298**	85,967
Total assets		**274,957**	278,182
Liabilities			
Current liabilities			
Trade and other payables	22	**12,419**	13,039
Total current liabilities		**12,419**	13,039
Net current assets		**23,879**	72,928
Non-current liabilities			
Shares to be issued	25	**3,738**	3,668
Total non-current liabilities		**3,738**	3,668
Total liabilities		**16,157**	16,707
Net assets		**258,800**	261,475
Equity			
Share capital	27	**3,032**	3,032
Share premium account	27	**58,340**	58,238
Own shares	28	**(25,238)**	(25,214)
Hedging reserve	29	**(24)**	(24)
Merger reserve	29	**70,838**	70,838
Profit and loss account	29	**151,852**	154,605
Equity attributable to equity holders		**258,800**	261,475

Approved by the Board of Directors and authorised for issue on 24 November 2020.

Signed on its behalf by

Robin Beer
Chief Executive Officer

Siobhan Boylan
Chief Financial Officer

Brewin Dolphin Holdings PLC
Company Number: 02685806

Company Statement of Changes in Equity

Year ended 30 September 2020

	Note	Share capital £'000	Share premium account £'000	Own shares £'000	Hedging reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
		Attributable to the equity holders of the Company						
At 30 September 2018		2,834	152,477	(26,060)	–	70,838	50,826	250,915
Profit for the year		–	–	–	–	–	(775)	(775)
Other comprehensive income for the year								–
Loss on cash flow hedge		–	–	–	(24)	–	–	(24)
Total comprehensive expense for the year		–	–	–	(24)	–	(775)	(799)
Dividends	11	–	–	–	–	–	(45,986)	(45,986)
Issue of share capital		2	95	–	–	–	–	97
Placing of shares		196	58,181	–	–	–	–	58,377
Own shares acquired in the year	28	–	–	(8,898)	–	–	–	(8,898)
Own shares disposed of on exercise of options	28	–	–	9,744	–	–	(9,744)	–
Share premium reduction		–	(152,515)	–	–	–	152,515	–
Share-based payments		–	–	–	–	–	7,769	7,769
At 30 September 2019		3,032	58,238	(25,214)	(24)	70,838	154,605	261,475
Profit for the year		**–**	**–**	**–**	**–**	**–**	**44,225**	**44,225**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**(48,393)**	**(48,393)**
Issue of share capital	27	**–**	**102**	**–**	**–**	**–**	**–**	**102**
Own shares acquired in the year	28	**–**	**–**	**(8,388)**	**–**	**–**	**–**	**(8,388)**
Own shares disposed of on exercise of options	28	**–**	**–**	**8,364**	**–**	**–**	**(8,364)**	**–**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**9,779**	**9,779**
At 30 September 2020		**3,032**	**58,340**	**(25,238)**	**(24)**	**70,838**	**151,852**	**258,800**

Consolidated Cash Flow Statement

Year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Net cash inflow from operating activities	34	**77,386**	66,647
Cash flows from investing activities			
Purchase of intangible assets – client relationships		**–**	(10,011)
Purchase of intangible assets – software		**(26,523)**	(10,064)
Purchase of property, plant and equipment		**(2,379)**	(5,249)
Acquisition of subsidiaries		**(32,029)**	(2,680)
Proceeds on disposal of financial instruments at fair value through other comprehensive income		**6**	799
Net cash used in investing activities		**(60,925)**	(27,205)
Cash flows from financing activities			
Dividends paid to equity shareholders	11	**(48,393)**	(45,986)
Purchase of own shares	28	**(8,388)**	(8,898)
Cash flow hedge		**–**	(24)
Repayment of lease liabilities	23	**(8,765)**	–
Cash payments from lessees	16	**203**	–
Proceeds on issue of shares	27	**102**	58,474
Net cash (used in)/from financing activities		**(65,241)**	3,566
Net (decrease)/increase in cash and cash equivalents		**(48,780)**	43,008
Cash and cash equivalents at 1 October		**229,199**	186,222
Effect of foreign exchange rates		**114**	(31)
Cash and cash equivalents at 30 September	21	**180,533**	229,199

Company Cash Flow Statement

Year ended 30 September 2020

	Note	**2020 £'000**	2019 £'000
Net cash inflow from operating activities	34	**49,170**	33,091
Cash flows from investing activities			
Capital contribution to subsidiary	17	**(45,449)**	–
Net cash used in investing activities		**(45,449)**	–
Cash flows from financing activities			
Dividends paid to equity shareholders	11	**(48,393)**	(45,986)
Cash flow hedge		**–**	(24)
Foreign exchange		**(1,174)**	–
Proceeds on issue of shares	27	**102**	58,474
Net cash (used in)/from financing activities		**(49,465)**	12,464
Net (decrease)/increase in cash and cash equivalents		**(45,744)**	45,555
Cash and cash equivalents at 1 October		**47,000**	1,445
Cash and cash equivalents at 30 September	21	**1,256**	47,000

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 30 September 2020 were authorised for issue by the Directors on 24 November 2020.

The Company is a public company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Strategic Report. The Company is registered in England and Wales. The address of the registered office is 12 Smithfield Street, London EC1A 9BD. The separate financial statements of the Company are also reported.

Note 17 identifies the subsidiaries that have taken advantage under s479A of the Companies Act 2006 of the exemption from audit.

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

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

a. New standards, amendments and interpretations adopted

IFRS 16 'Leases', a new standard, has been applied for the first time, it replaces IAS 17.

The Group adopted IFRS 16 Leases with effect from 1 October 2019 and elected to apply the standard retrospectively under the modified retrospective approach with the cumulative effect of initial application being recognised at 1 October 2019; comparative information has therefore not been restated.

Further information and changes to significant accounting policies as a result of the application of the standard for the first time are described below in note 2b.

b. Changes in accounting policies

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

IFRS 16 Leases

IFRS 16 represents a significant change in the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 requires lessees to account for most leases under a single lessee accounting model.

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

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

Transition

The Group has applied the modified retrospective approach with the cumulative effect of initial application being recognised at the transition date; comparative information has therefore not been restated and continues to be reported under IAS 17.

The Group has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases under IAS 17. The Group has:

- elected to use the transition practical expedient allowing an entity not to reassess whether a contract is, or contains, a lease at the date of initial application of the standard;
- relied on its assessment of whether leases are onerous immediately before the date of initial application by adjusting the ROU asset at 1 October 2019 by the amount of provision for onerous lease rental payments previously recognised under IAS 17 as at 30 September 2019, as an alternative to performing an impairment review;
- elected not to recognise the ROU assets and lease liabilities for leases where the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right of use asset at the date of initial application;
- used hindsight when determining the lease term where the contract contains options to extend or terminate the lease; and
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has chosen not to apply the practical expedient to account for any associated non-lease components of a lease as a single arrangement.

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

Impact

The details of the significant changes are set out below. The Group is primarily a lessee and is also a sub-lessor for a small number of property leases that have been identified as onerous.

The adoption of IFRS 16 has had a material impact on the Group's Consolidated Balance Sheet, in which the Group recognised right of use assets of £43.3m, lease liabilities of £57.8m, finance lease receivables of £1.3m, and a negative impact on the Group's equity of £5.8m net of deferred tax assets, onerous provisions and trade payables and receivables adjustments at 1 October 2019 on transition.

Details of the quantitative impact of IFRS 16 are provided in note 37.

Classification and measurement as a lessee

Right of use assets

The right of use assets recognised on adoption have been calculated as if the standard applied at the commencement of each lease and are discounted using the borrowing rate at the date of initial application.

The depreciation charge is recognised in the Income Statement.

The ROU assets are assessed for impairment annually in accordance with IAS 36 (incorporating any onerous lease assessments) and depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any remeasurements of the lease liability.

Lease liabilities

Leases previously classified as operating leases under IAS 17 have been measured at the present value of the remaining lease payments on adoption and discounted using an incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

After the commencement date, the lease liability recognised will reduce over time by the lease payments which will be offset by the unwinding of the liability over the lease term and any amendments for the impact of any lease modifications. Interest recognised on the lease liability is included in finance costs in the Income Statement.

Short-term leases and lease of low value assets

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

Classification and measurement as a lessor

Subleases

The Group has identified certain property leases as onerous where there is surplus office space and in these instances the Group acts as an intermediate lessor. The Group classifies its subleases as operating or finance leases by reference to the right of use asset arising from the head lease (rather than by reference to the underlying asset) or if the head lease belonging to the Group is a short-term lease, the subleases are classified as operating leases.

The Group has reclassified some of its subleases previously recognised as operating leases under IAS 17 as finance leases under IFRS 16.

Finance lease receivable

A finance lease receivable has been recognised on adoption and represents the net investment in the finance sublease.

The lease payments included in the measurement of the net investment in the finance lease comprise the present value of fixed payments (including in-substance fixed payments), less any lease incentives payable for the right to use the underlying asset during the lease term that are not received at the lease commencement date.

Any difference between the right of use asset and the net investment in the sublease is recognised in the Income Statement.

The lease liabilities relating to the head leases have been retained on the Balance Sheet and represent the lease payments payable to the head lessor.

Operating subleases

For subleases which are classified as an operating lease, the Group has recognised both the lease liability and the right of use asset relating to the head lease.

Lease income from the operating sublease is recognised in the Income Statement as other operating income.

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

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

		1 January
New or revised standards		
IFRS 17[1]	Insurance Contracts	2023
Amendments		
IAS 1[1] – classification of liabilities	Presentation of financial statements' on classification of liabilities	2023
Further amendments – IFRS 3; IAS 16; IAS 37; Annual Improvements	IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment – Proceeds before Intended Use; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020	2022
IFRS 4	Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19	2021
Interest Rate Benchmark Reform – phase 2	Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	2021
IFRS 16	Leases, Related rent concessions	2020
Conceptual framework references[1]	Amendments to References to the Conceptual Framework in IFRS Standards	2020
IAS 1 and IAS 8 – Definition of Material[1]	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors	2020
IFRS 3 – Definition of a Business	Business Combination	2020
Interest Rate Benchmark Reform – phase 1	Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	2020

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

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

3. Significant accounting policies

a. Statement of compliance

The financial statements for the Company and the consolidated financial statements for the Group 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 foreign operations have been translated into the functional currency at a spot rate of €/£1.1025 for the Balance Sheet at 30 September 2020 (2019: €/£1.1303) and the average exchange rate of €/£1.141 for the Income Statement items for the financial year ending 30 September 2020 (2019: €/£1.1326).

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

i) Impairment considerations

At each balance sheet date, the Group reviews the carrying amounts of its 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 or cash-generating unit ('CGU') is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested annually for impairment or more frequently when there are impairment indicators.

The impairment review considered the COVID-19 pandemic as a potential indicator of impairment and consequently an extensive exercise was undertaken to determine the recoverable amount for all material assets to assess for impairment losses. The higher of the fair value less costs to dispose ('FVLCTD') and the value in use ('VIU') was determined to be the recoverable amount; this was compared to the carrying amount.

The estimated FVLCTD for assets were based on a percentage of funds, where appropriate. The percentages applied are inherently judgemental and were adjusted to reflect the current economic environment. The VIU calculations which are subject to estimation uncertainty were derived from a discounted cash flow calculation based on the Group's Medium-Term Plan which reflects recently observable trends, management expectations and expected future events, covering a five-year period. Cash flows beyond the five-year period were extrapolated using long-term growth rates.

As a result of these reviews, none of the assets held by the Group were impaired – see note 13 for further details.

3. Significant accounting policies continued

ii) 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.

To form the view that the consolidated financial statements should continue to be prepared on an ongoing basis in light of the current COVID-19 pandemic and the resultant economic uncertainty and volatility, the Directors have assessed the outlook of the Group by considering:

i. the Group's Medium-Term Plan ('MTP'); and
ii. the performance of a range of stress tests including reverse stress tests that are used as part of the Internal Capital Adequacy Assessment Process ('ICAAP') to assess the Group's ability to withstand a market-wide stress.

The stress tests enable the modelling of the impact of a variety of external and internal events on the MTP; identify the potential impact of stress events on the Group's income, costs, cash flow and capital; and enable the Directors to assess management's ability to implement effective management actions that may be taken to mitigate the impact of the stress events. The reverse stress tests have considered severe scenarios and actions and allow the Directors to assess scenarios and circumstances that would render the Group's business model unviable.

Further detail is contained in the going concern statement and the Viability Statement included in the Strategic Report on page 49.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

d. Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred the excess is recognised immediately in the Income Statement as a bargain purchase gain.

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

e. Transaction date accounting

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

f. Foreign currencies

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

Exchange differences are recognised in the Income Statement in the period in which they arise.

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

g. Revenue recognition

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

Identification of performance obligations

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

Transaction price

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

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

Payment is typically due for services within three months.

Satisfaction of performance obligations

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

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

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

Nature of services

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

Investment management

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

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

Financial planning

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

Execution only

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

Expert witness report service

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

Contract costs

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

h. Interest income

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

3. Significant accounting policies continued

i. Dividend income

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

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

j. Other operating income

Other operating income includes the net of interest receivable and payable on client money balances and represents the Group's share of interest receivable and rental income from operating subleases (see note 2k). Research & Development tax credit incentives are also included in other operating income.

k. Leases

The Group has applied IFRS 16 as described in note 2b and comparative information has not been restated. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Group is primarily a lessee of property and is also a sub-lessor for a small number of property leases.

Policies applicable from 1 October 2019

(a) The Group as a lessee

For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is, or contains a lease by assessing whether the contract meets three key criteria which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

Right of use assets ('ROU')

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right of use assets includes the initial amounts of the corresponding lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

An estimate of any costs to return the leasehold asset to the condition required by the contract is included in the related ROU asset and a corresponding provision is recognised.

The depreciation charge is recognised in the Income Statement and is calculated over the shorter of the ROU's useful life and the lease term on a straight-line basis from the commencement date of the lease.

The ROU assets are assessed for impairment annually (incorporating any onerous lease assessments).

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments included in the measurement of the lease liability comprise the following items, where applicable:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lease term reflects the exercise of an option to terminate the lease; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liabilities are reduced for payments made and increased for interest. Interest recognised on the lease liability is included in finance costs in the Income Statement.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. On remeasurement of the lease liability, the corresponding adjustment is reflected in the ROU asset; if the ROU asset is already reduced to nil, the adjustment is recognised in the Income Statement.

Short-term leases and lease of low value assets

The Group has adopted certain optional recognition exemptions available under IFRS 16 for short-term (less than 12 months) and low value (< £5,000) leases. These leases are held off balance sheet with rentals charged to the Income Statement on a straight-line basis over the lease term and are classified as operating leases. 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.

(b) The Group as an intermediate lessor

Subleases

The Group acts as an intermediate lessor in respect of surplus office space, in which the Group classifies its subleases either as an operating or finance lease by reference to the right of use asset arising from the head lease (rather than by reference to the underlying asset) or if the head lease belonging to the Group is a short-term lease, the sublease is classified as an operating lease. The Group accounts for the head lease and the sublease as two separate contracts.

Finance lease receivable

Amounts due from lessees under finance leases are recognised as a finance lease receivable and represent the Group's net investment in the finance sublease.

Any difference between the right of use asset and the net investment in the sublease is recognised in the Income Statement.

The Group applies the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

Finance lease income is allocated to accounting periods so as to reflect the constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Any allowances for expected credit losses are recognised against finance lease receivables as required by IFRS 9, if applicable.

The lease liabilities relating to the head leases are retained on the Balance Sheet and represent the lease payments payable to the head lessor.

Operating subleases

For subleases which are classified as an operating lease, the Group recognises both the lease liability and the ROU asset relating to the head lease. Rental income from the operating sublease is recognised in the Income Statement as other operating income on a straight-line basis over the term of the relevant sublease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Policies applicable prior to 1 October 2019

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 31.

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

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

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 items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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.

3. Significant accounting policies continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been substantively enacted at the balance sheet date.

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

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

Current and deferred tax for the year

Current and deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the current and deferred tax is also dealt with in other comprehensive income.

n. Investments in subsidiaries

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

o. Intangible assets

Goodwill

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

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

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

Client relationships

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

When the consideration transferred by the Group is deferred or contingent as a result of a business combination, the consideration may be settled in shares or cash (see note 3u for the Shares to be issued accounting policy). Subsequent to the measurement period, the deferred and contingent considerations are revised annually at the balance sheet date and any corresponding adjustments are posted to the Income Statement.

Client relationships acquired separately are initially recognised at cost. Following initial recognition, these are carried at cost less accumulated amortisation and any accumulated impairment losses. See note 3g for the contract costs capitalised.

Client relationships are amortised on a straight-line basis over five to fifteen years, dependent upon the assessment of the estimated useful life of the client relationships.

Brand

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

When the consideration transferred by the Group is deferred or contingent as a result of a business combination, the consideration may be settled in shares or cash (see note 3u for the Shares to be issued accounting policy). Subsequent to the measurement period, the deferred and contingent considerations are revised annually at the balance sheet date and any corresponding adjustments are posted to the Income Statement.

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

Computer software

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

The assessment of the expected useful life of computer software is performed annually and based on the contractual terms or where appropriate past experience of the life of similar assets, with the effect of any changes in estimates being accounted for on a prospective basis.

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 expected lease term or 10 years

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

q. Impairment of tangible and intangible assets

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

The recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

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

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

r. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

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

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

3. Significant accounting policies continued

s. Financial instruments

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

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

Financial assets

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

(a) Classification of financial assets

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

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Debt instruments classified as at FVTOCI

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

(iii) Equity instruments designated as at FVTOCI

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

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

The Group has designated all investments in equity instruments that are not held-for-trading as at FVTOCI.

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

(iv) Financial assets at FVTPL

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

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

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

(b) Impairment of financial assets

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

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

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

(c) Derecognition of financial assets

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

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

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

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

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

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

Financial liabilities and equity

(a) Classification

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

(b) Equity instruments

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

(c) Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

Financial liabilities subsequently measured at FVTPL

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see note 35 Business combinations for further information).

(d) Derecognition of financial liabilities

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

3. Significant accounting policies continued

t. Derivative financial instruments (derivatives) and hedging activities

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

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

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

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

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

Movements in the hedging reserve in equity are detailed in note 29.

Cash flow hedges

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

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

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

u. Shares to be issued including premium

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

v. 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.

w. Post-retirement benefits

Costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

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

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and net interest expense or income is recognised within finance costs (see note 9).

Defined benefit pension scheme asset/liability

The defined benefit pension scheme asset/liability recognised on the Balance Sheet represents the present value of the defined benefit pension scheme obligation, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the Scheme.

Any asset recognised is only recognised to the extent that the Group is able, without condition or restriction placed on it by the trustees, to run the Scheme; until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies.

x. Provisions

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

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

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

Onerous contracts

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

y. Employee share ownership trusts

Brewin Dolphin Limited is the sponsoring employer of the Brewin Dolphin Share Incentive Plan Trust and the Brewin Dolphin Holdings PLC Employee Share Ownership Trust. The assets and liabilities of the trusts are recognised as those of Brewin Dolphin Holdings PLC and obligations of the trusts are regarded as obligations of Brewin Dolphin Holdings PLC. Shares of Brewin Dolphin Holdings PLC held by the trusts are treated as own shares held and shown as a deduction in equity.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

i. Leases – determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. In making this judgement, the Group evaluates whether it is reasonably certain to exercise the option to renew or break the lease term.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal and the circumstances and facts for each lease including past experience to determine the likely lease term and whether the break option is likely to be exercised. This includes an assessment on the length of time remaining before the option is exercisable, current trading conditions and future trading forecasts on the ongoing profitability of the business.

After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (for example, a change in business strategy).

As at 30 September 2020, it has been assumed that all leases will be until the end of the lease term for the Group.

b. Key sources of estimation uncertainty

i. Acquisitions

As part of any business combination the Group recognises all assets acquired and liabilities assumed at their acquisition date fair values, including any separately identifiable intangible assets such as the client relationship intangibles recognised as part of the BDCIIL acquisition (as set out in note 35).

The value attributed to the client relationships affects the amount of goodwill recognised. This value together with the assessment of useful economic lives, which is based both on past experience and future expectations, determines the future amortisation charges. Further, the value determined for the client relationships asset impacts the deferred tax liability recognised by the Group.

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

The valuation gives rise to estimation uncertainty. Certain assumptions regarding the amount, timing and discounting of future cash flows have been adopted in order to determine these fair values. The Group has recognised £32.1m of separately identifiable client relationship intangible assets and goodwill of £2.0m; see notes 13 and 35 for further information.

The table below sets out the approximate impact on the value recognised for both goodwill and client relationships intangibles of an increase or decrease of 20% in the:

i. expected cash flows, applied equally over the cash flows in each period; and
ii. the discount rate.

	Goodwill £'000	Client relationships £'000
Expected cash flows:		
20% decrease	2,661	(3,041)
20% increase	(2,661)	3,041
Expected discount rate:		
20% decrease	(2,186)	2,498
20% increase	1,979	(2,261)

ii. Impairment of goodwill, client relationships and brand

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 to dispose ('FVLCTD') and its value in use ('VIU').

For the purposes of impairment testing, the Group has historically valued the recoverable amount of goodwill, client relationships and brand at the FVLCTD. The calculation of the FVLCTD is based on the valuation of the funds, which make up the relevant CGU where appropriate. A percentage is applied to the funds to determine the fair value. These percentages have been based on recent public transactions and adjusted to allow for the current economic uncertainty and volatility due to the COVID-19 pandemic.

However, recognising the challenge of estimating a reliable FVLCTD in the current uncertain economic environment due to greater volatility, the Group has also prepared VIU calculations.

For the VIU calculations, the recoverable amount is sensitive to assumptions applied to future cash flows and the discount rate. A sensitivity analysis is disclosed in note 13.

iii. Amortisation of client relationships

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

The amortisation for the year was £10,933,000 (2019: £6,789,000). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £1,862,000 (2019: £1,218,000).

iv. Leases – determination of the appropriate rate to discount the lease payments

The Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date since the rate implicit in the lease cannot be readily determined. The calculation of the incremental borrowing rate involves estimation and has been obtained from the Group's bank to determine the rate on a lease-by-lease basis that the Group would have to pay to borrow money to purchase the type of assets being leased. Rates applied are dependent on the entity leasing the asset and the following factors have been considered:

- Lease term;
- Credit risk of the entity; and
- Level of indebtedness of the entity.

The impact of an increase in the incremental borrowing rates used for calculating the discount rate in determining the lease liabilities for all entities on transition to IFRS 16 'Leases' as at 1 October 2019 is set out below.

Estimate	Change in estimate	Impact on ROU assets	Impact on lease liabilities	Impact on opening retained reserves
Incremental borrowing rate	1 percentage point increase	Reduce by £3.2m	Reduce by £2.3m	Debit to retained reserves increase by £0.9m

v. Defined benefit pension scheme

The calculation of the present value of the defined benefit pension scheme is determined by using actuarial valuations. Management makes key assumptions in determining the inputs into the actuarial valuations, which may differ from actual experience in the future. These assumptions are governed by IAS 19 Employee Benefits, and include the determination of the discount rate, life expectancies, inflation rates and future salary increases. Due to the complexities in the valuation, the defined benefit pension scheme obligation is highly sensitive to changes in these assumptions. The detailed assumptions, including a sensitivity analysis, are set out in note 18.

The defined benefit pension scheme has a surplus of £20,324,000 (2019: £17,373,000). See note 18 page 150 'Defined benefit pension scheme asset recognition basis' for further detail.

vi. Share-based payments – Long Term Incentive Plan ('LTIP')

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

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

Assumptions are made on the likelihood of meeting certain average and stretch targets over the remaining service periods in determining the expense in the year. The Directors consider that the LTIP is qualitatively material therefore this is highlighted as a key source of estimation uncertainty. The charge for the year was £747,000 (2019: £415,000).

If all of the performance conditions were assumed to be met, the charge for the year would increase by £3,105,000 (2019: £1,576,000); an increase of 10% in the vesting assumptions would increase the charge for the year by £443,000 (2019: £248,000).

Further information on the scheme is disclosed in note 31.

5. Income

Group

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

	2020 £'000	2019 £'000
Discretionary investment management fee income	**237,617**	231,711
Discretionary investment management commission income	**70,033**	62,569
Financial planning income	**33,079**	27,546
Execution only fee income	**4,611**	4,105
Execution only commission income[1]	**6,684**	6,185
Advisory investment management fee income	**3,633**	2,093
Advisory investment management commission income[1]	**1,066**	378
BPS[2] investment management fee income	**1,335**	1,186
Expert witness report service[1]	**1,106**	528
Revenue	**359,164**	336,301
Other operating income	**2,283**	2,808
Income	**361,447**	339,109

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

	2020 £'000	2019 £'000
Services transferred at a point in time	**8,856**	7,091
Services transferred over time	**350,308**	329,210
Revenue	**359,164**	336,301

Contract balances

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

Contract liabilities

Contract liabilities relate to the advance consideration received from customers for services still to be delivered. The Group derecognises contract liabilities (and recognises revenue) when it transfers services and satisfies its performance obligations (see note 22).

Unsatisfied performance obligations

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

6. Segmental information

Group

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

For management reporting purposes the Group currently has a single operating segment: the Wealth Management business. This forms the reportable segment of the Group for the period and consequently, the Group's Consolidated Income Statement and Consolidated Balance Sheet (these are set out on pages 115 and 117) are monitored by the Group's Executive Committee. The accounting policies of the operating segment are the same as those of the Group. All segmental income relates to external clients.

Following the acquisition of BDCIIL on 31 October 2019 (see note 35 for further details), the existing Irish business of the Group expanded substantially and as a result the Irish business as a proportion of the Group is now larger, consequently geographical disclosures are set out below.

Geographical information

For the year ended 30 September 2020

Segmental income statement

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

Segmental balance sheet

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

7. Staff costs

Group

	2020 No.	2019 No.
The average monthly number of employees (including Executive Directors) by category was:		
Client facing	**1,229**	1,113
Business support	**882**	808
	2,111	1,921

	2020 £'000	2019 £'000
The aggregate remuneration (including Executive Directors) comprised:		
Wages and salaries	**155,715**	146,966
Social security costs	**19,264**	17,406
Share-based payments	**9,779**	7,769
Apprenticeship levy	**803**	660
Termination benefits – redundancy costs	**601**	759
Defined contribution pension scheme and death in service contributions	**13,323**	11,336
	199,485	184,896

Company

The Company does not have any employees (2019: none).

8. Profit for the year

Group

Profit for the year has been arrived at after charging:

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment (see note 14)	**3,114**	2,823
Depreciation of right of use assets (see note 15)	**6,250**	–
Amortisation of intangible assets – client relationships (see note 13)	**10,933**	6,789
Amortisation of intangible assets – brand (see note 13)	**139**	69
Amortisation of intangible assets – software (see note 13)	**417**	1,105
Allowance for credit impaired assets for trade receivables (see note 19)	**93**	6
Expected credit loss allowance on trade debtors and accrued income (see note 19)	**1**	8
Staff costs (see note 7)	**199,485**	184,896
Auditor's remuneration (see analysis below)	**1,009**	850

Analysis of auditor's remuneration:

	2020 £'000	2019 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**94**	81
Fees payable to the Company's auditor for the audit of its subsidiaries	**466**	397
	560	478
Assurance services		
Regulatory assurance work payable to the Company's auditor	**182**	177
Interim review	**79**	56
Other assurance services	**55**	28
	316	261
Other non-audit services		
AAF 01/06 – controls assurance report	**133**	111
	133	111
Total auditor's remuneration	**1,009**	850

Fees of £76,000 and £55,000 were paid to Ernst & Young in respect of the audit of fellow subsidiaries and regulatory assurance work respectively.

Details of the Group's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report on page 78.

9. Finance income and finance costs

Group

	2020 £'000	2019 £'000
Finance income		
Interest income on defined benefit pension scheme (see note 18)	**324**	294
Interest on lease receivables	**92**	–
Interest on bank deposits	**491**	1,414
	907	1,708
Finance costs		
Unwind of discounts on provisions (see note 24)	**210**	130
Unwind of discounts on shares to be issued	**70**	10
Interest expense on lease liabilities[1]	**2,327**	–
Interest on bank overdrafts	**20**	6
	2,627	146

1. Following the adoption of IFRS 16 'Leases' interest on lease liabilities is presented in finance costs.

10. Income tax expense

Group

	2020 £'000	2019 £'000
Current tax		
United Kingdom:		
Charge for the year	**10,623**	13,133
Adjustments in respect of prior years	**(1,174)**	(151)
Overseas:		
Charge for the year	**67**	275
Adjustments in respect of prior years	**(70)**	1
Total current tax	**9,446**	13,258
Deferred tax		
United Kingdom:		
Charge for the year	**4,048**	1,279
Adjustments in respect of prior years	**889**	(80)
Overseas:		
Charge for the year	**(266)**	–
Adjustments in respect of prior years	**–**	–
Total deferred tax (see note 26)	**4,671**	1,199
Tax charged to the Income Statement	**14,117**	14,457

Finance Act 2020 maintained the UK statutory rate at 19% for years commencing 1 April 2020 and 1 April 2021.

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

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

	2020 £'000	2019 £'000
Profit before tax	**62,072**	62,524
Tax at the UK corporation tax rate of 19% (2019: 19%)	**11,794**	11,880
Tax effect of:		
Expenses that are not deductible in determining taxable profit	**1,275**	2,687
Leasehold property	**163**	46
Share-based payments	**1,098**	285
Over provision for tax in previous years	**(408)**	(230)
Lower rates in subsidiaries	**142**	(147)
Impact of deferred tax rate change	**53**	(64)
Tax expense for the year	**14,117**	14,457
Effective tax rate for the year	**22.7%**	23.1%

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

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

11. Dividends

Group and Company

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity shareholders in the year:		
2019/18 Final dividend paid 12 February 2020, 12.0p per share (2019: 12.0p per share)	**35,401**	33,009
2020/19 Interim dividend paid 12 June 2020, 4.4p per share (2019: 4.4p per share)	**12,992**	12,977
	48,393	45,986
Proposed final dividend for the year ended 30 September 2020 of 9.9p (2019: 12.0p) per share based on shares in issue at 19 November 2020 (2019: 22 November 2019)	**29,242**	35,417

The proposed final dividend for the year ended 30 September 2020 of 9.9p 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 7,864,976 Ordinary Shares representing 2.6% of the Company's called up share capital in relation to employee share plans, has agreed to waive all dividends due to the Trustee.

12. Earnings per share

Group

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

	2020 '000	2019 '000
Number of shares		
Basic		
Weighted average number of shares in issue in the year	**295,012**	282,718
Diluted		
Effect of weighted average number of options outstanding for the year	**6,110**	6,630
Diluted weighted average number of options and shares for the year	**301,122**	289,348
Adjusted[1] diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**3,664**	3,344
Adjusted[1] diluted weighted average number of options and shares for the year	**304,786**	292,692

	£'000	£'000
Earnings attributable to ordinary shareholders		
Profit for the purpose of basic and diluted earnings per share	**47,955**	48,067
Onerous contracts	**250**	996
Amortisation of intangible assets – client relationships and brand	**11,072**	6,858
Defined benefit pension scheme past service costs	**–**	1,909
Acquisition costs	**3,600**	2,337
Incentivisation awards	**1,192**	340
Other gains and losses	**–**	(1)
less tax effect of above	**(1,918)**	(510)
Adjusted profit for the purpose of basic and diluted earnings per share	**62,151**	59,996

Earnings per share		
Basic	**16.3p**	17.0p
Diluted	**15.9p**	16.6p

Adjusted[2] earnings per share		
Basic	**21.1p**	21.2p
Adjusted[1] diluted	**20.4p**	20.5p

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

13. Intangible assets

Group

	Goodwill £'000	Client relationships £'000	Brand £'000	Software costs £'000	Total £'000
Cost					
At 30 September 2018	48,637	133,941	–	19,193	201,771
Additions	4,096	22,716	1,388	11,290	39,490
Exchange differences	–	(1)	–	–	(1)
At 30 September 2019	52,733	156,656	1,388	30,483	241,260
Additions	**2,064**	**32,067**	**–**	**33,157**	**67,288**
Exchange differences	**106**	**1,670**	**–**	**–**	**1,776**
At 30 September 2020	**54,903**	**190,393**	**1,388**	**63,640**	**310,324**
Accumulated amortisation and impairment losses					
At 30 September 2018	–	99,378	–	16,674	116,052
Amortisation charge for the year	–	6,789	69	1,105	7,963
Exchange differences	–	(1)	–	–	(1)
At 30 September 2019	–	106,166	69	17,779	124,014
Amortisation charge for the year	**–**	**10,933**	**139**	**417**	**11,489**
Exchange differences	**–**	**104**	**–**	**–**	**104**
At 30 September 2020	**–**	**117,203**	**208**	**18,196**	**135,607**
Net book value					
At 30 September 2020	**54,903**	**73,190**	**1,180**	**45,444**	**174,717**
At 30 September 2019	52,733	50,490	1,319	12,704	117,246
At 30 September 2018	48,637	34,563	–	2,519	85,719

Client relationship additions are made up as follows:

	2020 £'000	2019 £'000
Cash paid for client relationships acquired in current year	**32,029**	11,944
Fair value adjustment	**38**	–
Cash paid for client relationships acquired in prior years	**–**	11
Deferred and contingent consideration in the form of cash for client relationships acquired in the current year	**–**	7,103
Contingent consideration in the form of shares to be issued[1] for client relationships acquired in the current year	**–**	3,658
Total additions	**32,067**	22,716

1. Being the fair value of shares to be issued excluding the unwinding of discounting applied in the period, with this recognised as finance costs in the Income Statement, see note 9.

13. Intangible assets continued

Goodwill impairment testing

The tables below show the goodwill allocated to groups of cash-generating units ('CGUs') and the significant client relationship assets:

	Groups of CGUs No.	Goodwill £'000
Midland Branch 1	1	5,149
Midland Branch 2	1	5,284
Northern Branch 1	1	6,432
South East Branch 1	1	12,800
BD Ireland	1	2,170
Other branches	17	23,068
Carrying amount at 30 September 2020	**22**	**54,903**

	Intangible assets – client relationships £'000
Brewin Dolphin Wealth Management Limited[1]	9,414
Brewin Dolphin Capital and Investments (Ireland) Limited[2]	30,645
BD Ireland	40,059
South East investment management team[3]	13,154
Bath branch[4]	16,645
Other investment management teams[5]	3,332
Carrying amount at 30 September 2020	**73,190**

1. Amortisation period remaining 5 years 10 months.
2. Amortisation period remaining 9 years 1 month.
3. Amortisation period remaining 3 years 7 months.
4. Amortisation period remaining 8 years 10 months.
5. 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 IFRS, the Group performs impairment testing for goodwill on an annual basis, at 30 September, or more frequently when there are impairment indicators. Client relationships and brand intangible assets are reviewed for indicators of impairment at each reporting date.

The impairment review considered the COVID-19 pandemic as a potential indicator of impairment, consequently, the Group carried out an exercise as set out in note 3bi. The key sources of estimation uncertainty in relation to the impairment of goodwill, client relationships and brand are set out in note 4bii.

Goodwill impairment tests are performed for groups of CGUs at the branch level. Client relationships and brand impairment testing is performed for each relevant CGU where there are indicators of impairment.

To determine whether an asset is impaired, the recoverable amount of the CGU is compared to its carrying amount. The recoverable amount is the higher of the fair value less costs to dispose ('FVLCTD') and the value in use ('VIU').

The estimated FVLCTD for CGUs were based on a percentage of funds, where appropriate. The percentages applied are inherently judgemental and were adjusted to reflect the downturn as a result of the COVID-19 pandemic. The estimated FVLCTD for CGUs are therefore a level 3 measurement based on inputs which are unobservable to market participants.

The VIU for the CGUs were derived from a discounted cash flow calculation based on the Group's Medium-Term Plan which reflects recently observable trends, management expectations and expected future events, covering a five-year period. Cash flows beyond the five-year period were extrapolated using long-term growth rates as estimated for all the CGUs.

Following our assessment, it was determined that none of the assets held by the Group were impaired.

The principal assumptions underlying the best estimated cash flow forecasts were as follows:

- **Forecast cash flows and growth rates**
  Estimated future cash inflows were based on the Group's Medium-Term Plan which took into consideration the impact of COVID-19. Overall, it was assumed that fund flows would improve after 12 months and a growth rate reflecting the expected investment performance per annum was used as the basis to determine likely revenue to be generated from the assets and took into consideration the nature of the CGU. The estimated cash outflows allowed for inflation.
- **Terminal value**
  A terminal value calculation was used to estimate the cash flows after year five using the long-term growth rate of the UK economy of 2%.
- **Discount rates**
  An adjusted discount rate of 8%-9.5% was applied to each CGU's cash flows, this equates to the Group's estimated weighted average cost of capital ('WACC').

All of the CGUs within the Group have headroom, where the value in use calculation is in excess of the carrying value.

Sensitivity analysis of the key assumptions

The value in use calculations are sensitive to the forecast assumptions applied to future cash flows and the discount rate applied. The client relationships intangible asset that was recognised on the acquisition of Epoch was the most sensitive to the revenue growth and discount rate assumptions used in the value in use calculations.

The value in use for the Bath CGU, calculated using a discount rate of 8%, would have to decrease by £5.5 million, for its recoverable amount to be equal to the carrying amount.

The following analysis sets out the sensitivity and impact of changes in assumptions to the Bath CGU:

As at 30 September 2020

Change in assumption	**Decrease in the value in use of CGU £'m**
Decrease in forecast operating cash inflows by a further 5%	3.6
Increase in discount rate by 1.5 percentage points	5.2

14. Property, plant and equipment

Group

	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 30 September 2018	15,287	11,905	34,939	62,131
Additions	3,986	325	1,066	5,377
Exchange differences	(3)	(3)	–	(6)
Disposals	(23)	–	–	(23)
At 30 September 2019	19,247	12,227	36,005	67,479
Effect of change in accounting policy for initial application of IFRS 16 (see note 37)	**(992)**	**–**	**–**	**(992)**
At 1 October 2019	**18,255**	**12,227**	**36,005**	**66,487**
Additions	**1,195**	**483**	**701**	**2,379**
Exchange differences	**11**	**13**	**–**	**24**
Disposals	**(451)**	**(115)**	**(392)**	**(958)**
At 30 September 2020	**19,010**	**12,608**	**36,314**	**67,932**
Accumulated depreciation and impairment losses				
At 30 September 2018	11,401	11,395	31,225	54,021
Charge for the year	1,164	231	1,428	2,823
Exchange differences	–	(1)	–	(1)
Eliminated on disposal	(23)	–	–	(23)
At 30 September 2019	12,542	11,625	32,653	56,820
Effect of change in accounting policy for initial application of IFRS 16 (see note 37)	**(775)**	**–**	**–**	**(775)**
At 1 October 2019	**11,767**	**11,625**	**32,653**	**56,045**
Charge for the year	**1,200**	**293**	**1,621**	**3,114**
Exchange differences	**2**	**6**	**–**	**8**
Eliminated on disposal	**(451)**	**(115)**	**(392)**	**(958)**
At 30 September 2020	**12,518**	**11,809**	**33,882**	**58,209**
Net book value				
At 30 September 2020	**6,492**	**799**	**2,432**	**9,723**
At 30 September 2019	6,705	602	3,352	10,659
At 30 September 2018	3,886	510	3,714	8,110

15. Leases

Group

With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the Consolidated Balance Sheet as a ROU asset and a lease liability.

The Group's ROU assets are in respect of leases for the offices it occupies. The leases generally have a term ranging from 5 to 15 years. There were four new leases in the year, one of the new leases replaced an expired lease. The leases require the Group to keep the properties in a good state of repair and to return the offices in their original condition at the end of the lease. The average lease term is 6.3 years.

Right of use assets

	Total £'000
Cost	
At 1 October 2019	43,305
Additions	**1,932**
Transfer to finance lease receivable	**(945)**
At 30 September 2020	**44,292**
Accumulated depreciation and impairment losses	
At 1 October 2019	**–**
Charge for the year	**6,250**
At 30 September 2020	**6,250**
Net book value	
At 30 September 2020	**38,042**
At 1 October 2019	43,305

Amounts recognised in the Income Statement

	2020 £'000
Depreciation expense on ROU assets	**6,250**
Interest expense on lease liabilities	**2,327**
Expenses relating to short-term leases	**653**
Expenses relating to low value assets	**25**
Income from subleasing ROU assets	**572**

Other information

At 30 September 2020, the Group was committed to short-term leases with a total commitment of £378,000.

The total cash outflow for leases recognised as right of use assets was £8,765,000 for the year ended 30 September 2020.

Finance lease receivables are presented in note 16 and lease liabilities including the maturity analysis of the lease liabilities are presented in note 23.

The Group had not entered into any leases which are yet to commence at the end of the reporting period.

16. Finance lease receivables

Group

	2020 £'000
Current	**167**
Non-current	**1,966**
Net investment in finance leases	**2,133**

Reconciliation of finance lease receivable:

	2020 £'000
At 30 September 2019	**–**
Initial application of IFRS 16 (see note 37)	**1,299**
At 1 October 2019	**1,299**
Non-cash:	
Addition to ROU assets in exchange for increased lease liabilities (see note 15)	**945**
Unwind of discount (see note 9)	**92**
Cash:	
Lease repayments received from tenants	**(203)**
At 30 September 2020	**2,133**

Finance lease arrangements

The Group has entered into various sub-lease arrangements as a lessor. The subleases relate to surplus office space that is leased by the Group. Where the Group has transferred substantially all of the risk and rewards of ownership of the asset, the sub-leases are classified as finance leases.

During the year, the finance lease receivable increased following the Group subletting surplus office space in its Cambridge office.

The Group does not face foreign currency risks, as the leases are denominated in the local currency of each subsidiary.

The maturity analysis of lease receivables, including the undiscounted lease payments to be received, are as follows:

	2020 £'000
12 months to 30 September 2021	**259**
12 months to 30 September 2022	**259**
12 months to 30 September 2023	**259**
12 months to 30 September 2024	**259**
12 months to 30 September 2025	**259**
From 1 October 2025 onwards	**1,397**
Total undiscounted lease payments receivable	**2,694**
Unearned finance income	**(561)**
Net investment in finance leases	**2,133**

See note 9 for the amount recognised as finance income on the net investment in the finance leases.

The Group's finance leases do not include variable payments.

Impairment of finance lease receivables

The Group estimates the loss allowance on finance lease receivables at an amount equal to the lifetime Expected Credit Loss ('ECL'). The lifetime ECL is determined to be £nil taking into account the historical default experience and future expectations. At the reporting date none of the finance lease receivables are past due or impaired.

17. Investment in subsidiaries

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

Name of subsidiary	Activity	Country of registration	Class of share capital
Argentum (Capvest) Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum Nominees Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum (Airtricity) Nominees Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum Broking Nominees Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum (Development) Nominees Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum (Placings) Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aurum (Thomas Street) Nominees No 2 Ireland Limited[4]	Dormant Nominee	Ireland	Ordinary
Aylwin Limited[1]	Investment Manager	England & Wales	Ordinary/A Ordinary
B.L.Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary
BDDL Limited[1]	Investment Manager	England & Wales	Ordinary
BDS Nominees Limited[1]	Client Nominee	England & Wales	Ordinary
Bell Lawrie White & Co. Limited[2]	Dormant	Scotland	Ordinary
Brewin (1762) Limited[1]	Dormant	England & Wales	Ordinary
Brewin 1762 Nominees (Channel Islands) Limited[3]	Dormant Nominee	Jersey	Ordinary
Brewin 1762 Nominees Limited[1]	Client Nominee	England & Wales	Ordinary
Brewin Broking Limited[1,5]	Dormant	England & Wales	A Ordinary/B Ordinary
Brewin Dolphin Capital & Investments (Ireland) Limited[4]	Wealth & investment services	Ireland	Ordinary
Brewin Dolphin (Channel Islands) Limited[3]	Dormant	Jersey	Ordinary
Brewin Dolphin Limited[1,5]	Investment Manager	England & Wales	Ordinary
Brewin Dolphin MP[1]	Investment Manager	England & Wales	A Ordinary/B Ordinary
Brewin Dolphin Securities Limited[1]	Dormant	England & Wales	Ordinary
Brewin Nominees (Channel Islands) Limited[3]	Client Nominee	Jersey	Ordinary
Brewin Nominees Limited[1]	Client Nominee	England & Wales	Ordinary
DDY Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary
Dunlaw Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary
Erskine Nominees Limited[2]	Dormant Nominee	Scotland	Ordinary
Giltspur Nominees Limited[1]	Client Nominee	England & Wales	Ordinary
Mathieson Consulting Limited[1]	Investment Manager	England & Wales	Ordinary
North Castle Street (Nominees) Limited[2]	Client Nominee	Scotland	Ordinary
Robert White & Co. Limited[2,5]	Dormant	Scotland	Ordinary
Shareline (Yorkshire) Limited[1]	Dormant	England & Wales	Ordinary
Smittco Nominees Limited[1]	Firm Nominee	England & Wales	Ordinary
Brewin Dolphin Wealth Management Limited[4,5]	Investment Manager	Ireland	Ordinary/A Shares
Tilman Brewin Dolphin Nominees Limited[4]	Client Nominee	Ireland	Ordinary
Webrich Limited[1,5]	Trustee	England & Wales	Ordinary
Wise Nominees Limited[1]	Dormant Nominee	England & Wales	Ordinary A Voting/ Ordinary B Voting/ Ordinary C
Wise Speke Financial Services Limited[1]	Dormant	England & Wales	Ordinary

1. Registered office: 12 Smithfield Street, London, EC1A 9BD.
2. Registered office: Atria One, 144 Morrison Street, Edinburgh, EH3 8BR.
3. Registered office: 2nd Floor, Kingsgate House, 55 The Esplanade, St Helier JE2 3QB.
4. Registered office: 3 Richview Office Park, Clonskeagh, Dublin 14.
5. Indicates subsidiaries held directly.

All of the UK subsidiaries listed above are entitled to the exemption from audit under s479A of the Companies Act 2006, with the exception of BDDL Limited, Brewin Dolphin Limited, Brewin Dolphin MP, Aylwin Limited and Mathieson Consulting Limited.

Company

	2020 £'000	2019 £'000
At 1 October	**192,215**	188,491
Investment in Brewin Dolphin Wealth Management Limited	**45,449**	–
Capital contribution to Brewin Dolphin Limited in respect of share-based payments	**925**	56
Increase in investment in Brewin Dolphin Limited[1]	**70**	3,668
At 30 September	**238,659**	192,215

1. Due to shares to be issued.

18. Defined benefit pension scheme

Group

The Group operates a registered Defined Contribution Scheme (the 'Brewin Dolphin Senior Staff Pension Fund') and a registered Defined Benefit Scheme (the 'Brewin Dolphin Limited RBS') in the UK which both offer pensions in retirement and death benefits to members. The disclosures provided are in respect of the Defined Benefit Scheme only (the 'Scheme').

The Scheme is 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.

Pension benefits are related to the members' final salary at retirement and their length of service. The pension is payable for life and has elements increasing in payment in line with inflation up to a maximum of 5% per annum. Since 1 April 2003 the Scheme has been closed to new members. Members under age 55 at 1 April 2004 ceased to accrue further service in the Scheme from that date. There is no future benefit accrual since all in-service members have retired. Contributions to the Scheme for the year beginning 1 October 2020 are expected to be £312,500.

Valuation for funding purposes

The valuation as at 31 December 2017:

	£'000
Value of scheme assets	110,335
Actuarial value of scheme liabilities in respect of:	
In-service members	(14,813)
Deferred pensioners	(38,852)
Current pensioners and dependants	(49,473)
Value of scheme liabilities	(103,138)
Scheme surplus	7,197
Funding level	107%

The Scheme is valued for funding purposes at intervals of not more than three years by an independent qualified actuary. The latest valuation for funding purposes was as at 31 December 2017. The actuarial valuation is used to assess the money the Group needs to put into the pension scheme.

The Scheme was in deficit measured on the Scheme's funding basis as at 31 December 2014, the 2014 funding valuation. As a result, the Group agreed to pay additional contributions into the Scheme following the 2014 funding valuation and this resulted in a scheme surplus at the latest funding valuation as at 31 December 2017, ahead of expectations.

As part of the latest valuation, it was agreed that the Scheme would de-risk its investment strategy and the Group would continue to pay contributions of £250,000 per month from 1 January 2018 until 28 February 2019 (as was previously agreed following the 2014 valuation to eliminate the deficit at that time). In addition to this, the Group has also agreed to pay additional contributions of £1.25 million per annum from 1 March 2019 to 31 December 2020 so that the Scheme may continue to de-risk and lock in the funding needed to pay out all future benefits in combination with a lower risk investment strategy.

The next actuarial valuation of the Scheme is due as at 31 December 2020, where the funding position of the Scheme will be reviewed. The administration costs of the Scheme, including investment management fees and Scheme levy payments are currently paid by Brewin Dolphin Limited as they fall due.

Maturity of the Scheme

The liabilities of the Scheme are based on the current value of expected benefit payment cash flows to members of the Scheme over the next 60 years or so. The average duration of the liabilities is approximately eighteen years.

Summary of amounts recognised in the financial statements under IAS 19

In the consolidated financial statements, the Group accounts for pension costs, other post-retirement benefits and related redundancy provisions in accordance with IAS 19 – 'Employee Benefits'. Under the standard, the difference between the market values of Scheme assets and the present value of Scheme liabilities is reported as a surplus (asset) (to the extent a surplus may be seen) or deficit (liability) on the Balance Sheet. The accounting value shown on the Balance Sheet will always be different from the result obtained using the funding basis.

The pension valuation under IAS 19 as at 30 September 2020 was carried out by a qualified independent actuary.

In the preparation of the valuations under IAS 19 referred to in this note, the actuary has used the assumptions indicated below, which the Group has directed for the purposes of accounting and disclosure under IAS 19.

18. Defined benefit pension scheme continued

Amount, timing and uncertainty of future Scheme cash flows

A sensitivity analysis of the principal assumptions used to measure the Scheme's defined benefit obligation as at 30 September 2020 is set out further below. The sensitivities cover the key assumptions shown. The inflation assumption sensitivity factors in the impact of changes to RPI inflation which will impact on future expectations of increases in final pensionable salary (which are capped at RPI increases), pension increases and CPI inflation.

Explanation of the variance between funding valuation and IAS 19 valuation

The accounts show the Scheme has a surplus of £20.3 million under IAS 19 as at 30 September 2020 compared to the surplus of £7.2 million revealed by the last funding valuation as at 31 December 2017. The main reason for the difference in surplus is due to the different assumptions used to value the liabilities in the accounting and funding valuations for the Scheme, the funding valuation uses more cautious assumptions to value the liabilities while the accounting assumptions are derived in line with IAS 19.

Defined benefit pension scheme asset recognition basis

Under IAS 19 the net defined benefit pension scheme asset that can be recognised is the lower of the surplus and the asset ceiling (i.e. the economic benefits available in the form of refunds or reductions in future contributions or a combination of both, in accordance with IFRIC 14 'IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'). Under the Scheme's Trust Deeds and Rules the Group is able, without condition or restriction placed on it by the Trustees, to run the Scheme until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies. Consequently, the Group recognises the full surplus calculated in accordance with IAS 19 and IFRIC 14.

Risks

The main risks to which the Group is exposed in relation to the pension scheme are:

Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise this risk.

Investment risk – the Scheme invests its assets in a diversified portfolio of assets. There are risks that the assets underperform relative to increases in the value of the Scheme's liabilities increasing the cost to the Group of the benefit provision. There is a risk that the assets invested in do not sufficiently match the characteristics of the Scheme's liabilities and so a fall in asset values is not similarly matched by a fall in the value of the liabilities. While certain assets are chosen that match the characteristics of the Scheme's liabilities and membership profile, the Scheme currently invests in a proportion of equity and assets that are not expected to closely match the majority of the Scheme's liabilities. The Scheme invests in derivatives, predominantly interest rate and inflation rate swaps that are used to provide a liability matching overlay so that the value of these swaps and the gilts held match the majority of the movement in the liabilities to changes in interest rates and inflation. The Scheme's Trustees review the performance of the assets and structure of the portfolio on a regular basis to ensure the risks being taken under investment are commensurate with normal Trustees' principles and the ability of the Group to mitigate adverse investment experience.

Price inflation risk – some of the Scheme's benefits increase in line with price inflation and so if inflation is greater than expected, the costs of providing these benefits will increase. The Scheme holds government bonds with payments also linked to inflation to assist in mitigating this risk.

Financial derivatives risk – the Scheme directly holds derivatives in the form of interest rate swaps, inflation swaps and total return swaps with the aim of enhancing how the Trustees' matching assets match changes in the Scheme's liabilities on the funding basis. These are managed by the investment manager as well as all other assets and the Scheme Trustees determine the level of overall liability hedging that is employed. Other than these derivatives used for liability matching and reducing risks, the Scheme does not directly hold any financial derivatives, but these may be held by some of the investment funds that the Scheme invests in. The main risks associated with financial derivatives include: losses may exceed the initial margin; counterparty risk where the other party defaults on the contract; and liquidity risk where it may be difficult to close out a contract prior to expiry. These risks are managed indirectly by the investment managers of the Scheme who will review the Scheme's return seeking assets and the level of investment risk taking to ensure it remains appropriate taking account of the Trustees' investment objectives.

The surplus recognised on the accounting basis is exposed to the risks that increases or decreases in the assets do not match those of the liabilities measured on the accounting basis. The asset liability matching is based on the Scheme's funding basis and so to the extent that the Group's measure for the liabilities in line with IAS 19 requirements changes relative to the measure of the liabilities on the funding basis which the assets are hedging, this could impact on the accounting surplus. The funding position on the funding basis is protected to some degree by the level of hedging that is adopted and the Trustees' plans to de-risk in future years as the funding position improves.

Scheme investment strategy and level of matching

The Scheme recently de-risked its investment strategy upon meeting a secondary funding level target. The Scheme's investment strategy is currently to invest broadly 30% in higher return seeking assets "assets on risk" (e.g. equities, high yielding bonds etc.), 20% in a cash flow generating corporate bond fund and 50% in matching assets (e.g. fixed interest gilts and index-linked gilts). The objective is to target an investment return of 1.1% per annum (net of fees) in excess of a portfolio of gilts that closely matches the behaviour of the Scheme's liabilities, falling to 0.5% per annum (net of fees) as the proportion of pensioner members increases to 100%. The Scheme also has a liability matching overlay to mirror the majority of the movement in the matching portfolio. This strategy reflects the Scheme's liability profile and the Trustees' and Group's attitude to risk. The asset allocations as at 30 September 2020 and 30 September 2019 are provided below, disaggregated between assets that are believed to have a quoted market price in an active market.

The Scheme was hedged up to 100% of interest rate risk and inflation risk as at 30 September 2020 to reduce financial risks to the Scheme and the risks of additional contribution requirements for the Group. The current longer-term objective is to continue to hedge around 100% of both the interest rate risk and inflation risk of the liabilities; this will help to further reduce funding level volatility.

None of the assets of the pension schemes are invested in the Group's own financial instruments and none of the assets are properties or other assets used by the Group.

Assumptions

A full actuarial valuation of the Scheme was carried out as at 31 December 2017 and has been updated to 30 September 2020 by a qualified independent actuary.

The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 30 September 2020	As at 30 September 2019
Discount rate	**1.50%**	1.80%
RPI inflation assumption	**2.90%**	3.10%
CPI inflation assumption	**2.20%**	2.10%
Rate of increase in salaries	**2.90%**	3.10%
LPI pension increases	**2.85%**	3.00%
Average assumed life expectancies for members on retirement at age 65.		
Retiring today:		
Males	**86.9 years**	86.9 years
Females	**89.2 years**	89.2 years
Retiring in 20 years:		
Males	**88.2 years**	88.3 years
Females	**90.7 years**	90.7 years

Scheme assets and liabilities

The assets in the Scheme were:

	2020 £'000	2019 £'000
Equities and property (quoted)	**22,073**	36,189
Fixed interest bonds (quoted)	**48,293**	30,978
Index linked bonds (quoted)	**40,040**	29,505
Liability hedging (quoted)	**4,559**	7,188
Commodities (quoted)	**986**	–
Currency hedging (quoted)	**78**	(100)
Alternatives (quoted)	**7,116**	13,007
Cash and cash equivalents	**2,934**	8,468
Fair value of scheme assets	**126,079**	125,235

Net asset recognised on the Balance Sheet:

	2020 £'000	2019 £'000
Present value of funded obligations	**(105,755)**	(107,862)
Fair value of scheme assets	**126,079**	125,235
Surplus in funded scheme and net asset on the Balance Sheet	**20,324**	17,373

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2020 £'000	2019 £'000
Benefit obligation at beginning of year	**107,862**	95,470
Past service cost[1]	**–**	1,909
Interest cost	**1,913**	2,673
Net remeasurement gains – demographic	**(4,247)**	(4,916)
Net remeasurement losses/(gains) – financial	**3,993**	16,834
Net remeasurement (gains)/losses – experience	**(567)**	(242)
Benefits paid	**(3,199)**	(3,866)
Benefit obligation at end of year	**105,755**	107,862

1. The past service cost relates to the equalisation of the Guaranteed Minimum Pensions ('GMP').

18. Defined benefit pension scheme continued

Reconciliation of opening and closing balances of the fair value of plan assets:

	2020 £'000	2019 £'000
Fair value of plan assets at beginning of year	**125,235**	106,878
Interest income on scheme assets	**2,237**	2,967
Return on assets, excluding interest income	**556**	17,277
Contributions by employers	**1,250**	1,979
Benefits paid	**(3,199)**	(3,866)
Fair value of scheme assets at end of year	**126,079**	125,235

The amounts recognised in the Income Statement are:

	2020 £'000	2019 £'000
Past service cost	**–**	(1,909)
Net interest income on the net defined benefit asset	**324**	294
Total income/(expense)	**324**	(1,615)

Remeasurements of the net defined benefit asset included in Other Comprehensive Income ('OCI'):

	2020 £'000	2019 £'000
Net remeasurement – demographic	**4,247**	4,916
Net remeasurement – financial	**(3,993)**	(16,834)
Net remeasurement – experience	**567**	242
Return on assets, excluding interest income	**556**	17,277
Total remeasurement of the net defined benefit asset included in OCI	**1,377**	5,601

Sensitivity analysis

It should be noted that the methodology and assumptions prescribed for the purposes of IAS 19 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

A sensitivity analysis of the principal assumptions used to measure the defined benefit pension scheme as at 30 September 2020 is set out below.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on scheme assets	Impact on scheme surplus
Rate of inflation (RPI, CPI, inflation linked pension increases and salary increases)	Increase by 0.25%	Increase by £3.7m	Increase by £4.5m	Increase by £0.8m
Assumed life expectancy	Members live 1 year longer	Increase by £5.2m	£ nil	Decrease by £5.2m
Discount rate	Decrease by 0.25%	Increase by £5.0m	Increase by £6.0m	Increase by £1.0m
Credit spread (difference between discount rate and underlying gilt yields)	Decrease by 0.25% pa	Increase by £5.0m	Increase by £0.4m	Decrease by £4.6m
Credit spread (difference between discount rate and underlying gilt yields)	Increase by 0.25% pa	Decrease by £4.7m	Decrease by £0.4m	Increase by £4.3m
Underlying gilt yields	Decrease by 1% pa	Increase by £22.4m	Increase by £26.8m	Increase by £4.4m
Underlying gilt yields	Increase by 1% pa	Decrease by £17.0m	Decrease by £20.9m	Decrease by £3.9m
Value of assets on risk	Decrease by 10%	n/a	Decrease by £3.9m	Decrease by £3.9m
Value of assets on risk	Decrease by 20%	n/a	Decrease by £7.8m	Decrease by £7.8m

The average duration of the pension scheme liabilities is in the region of eighteen years.

The sensitivity figures have been calculated using the same method used for the calculation of the disclosed liabilities as at 30 September 2020. There are no material limitations of the method used to calculate the sensitivities relative to the disclosed liabilities.

19. Trade and other receivables

Group

	2020 £'000	2019 £'000
Non-current assets		
Other receivables	**931**	–
Other receivables at 30 September	**931**	–
Effect of change in accounting policy for initial application of IFRS 16	**n/a**	688
Other receivables at 1 October	**n/a**	688

	2020 £'000	2019 £'000
Current assets		
Trade debtors	**169,054**	143,135
Loss allowance	**(333)**	(43)
	168,721	143,092
Loans[1]	**76**	280
Accrued income	**64,714**	61,770
Other debtors	**1,676**	1,352
Prepayments	**6,752**	9,718
Trade and other receivables at 30 September	**241,939**	216,212
Effect of change in accounting policy for initial application of IFRS 16	**n/a**	(1,371)
Trade and other receivables at 1 October	**n/a**	214,841

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

Trade debtors relate to either market or client transactions and are considered to be past due once the date for settlement has passed. The date for settlement is determined when the trade is booked. It is expected that some transactions may become past due in the normal course of business. Fees owed by clients are considered to be past due when they remain unpaid after 30 days after the relevant billing date. An allowance for credit impaired assets is recognised for trade debtors that are older than 90 days unless collateral is held. The maximum exposure to credit risk is the carrying value as above (see note 30 for details of the Group's credit risk).

The expected credit losses have been determined under the simplified approach and accordingly the loss allowance recognised is based on lifetime expected credit losses at each reporting date.

Ageing of past due but not impaired trade debtors

	2020 £'000	2019 £'000
Not past due	**166,828**	141,762
Up to 15 days past due	**1,518**	995
16 to 30 days past due	**38**	81
31 to 45 days past due	**94**	23
More than 45 days past due	**184**	95
	168,662	142,956

Individually impaired trade debtors

	2020 £'000	2019 £'000
Individually impaired trade debtors	**392**	179
Loss allowance	**(333)**	(43)
	59	136
Trade debtors	**168,721**	143,092

Movements in loss allowance

	Credit impaired assets allowance £'000	Expected credit loss allowance £'000	2020 £'000	2019 £'000
At 1 October	**35**	**8**	**43**	29
On acquisition	**307**	**–**	**307**	–
Exchange rate movement	**16**	**–**	**16**	–
Net charge to the Income Statement	**93**	**1**	**94**	14
Loss allowance utilised	**(127)**	**–**	**(127)**	–
At 30 September	**324**	**9**	**333**	43

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

19. Trade and other receivables continued

Company

	2020 £'000	2019 £'000
Current assets		
Amounts due from subsidiary undertakings	**35,042**	38,967
Trade and other receivables	**35,042**	38,967

20. Financial instruments

Group

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

Level 1

	2020 £'000	2019 £'000
Listed investments	**379**	373
Financial assets at FVTPL	**379**	373

The fair value of financial assets at FVTPL is determined directly by reference to published prices in an active market where available. They are held in an unregulated subsidiary, Brewin Dolphin MP, whose sole objective is to provide seed capital to the model portfolios managed under an investment mandate by Brewin Dolphin Limited. See note 30 for details of financial instruments risk management.

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

Level 3

	Unlisted investments £'000
At 30 September 2018	676
Net gain from changes in fair value recognised in equity	1
Disposals	(598)
At 30 September 2019	79
Net loss from changes in fair value recognised in equity	**(5)**
Disposals	**(6)**
At 30 September 2020	**68**

	2020 £'000	2019 £'000
Equity	**68**	79
Financial assets at FVTOCI	**68**	79

21. Cash and cash equivalents

Group

	2020 £'000	2019 £'000
Cash and cash equivalents	**180,533**	229,199

Company

	2020 £'000	2019 £'000
Cash and cash equivalents	**1,256**	47,000

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Consolidated Balance Sheet as shown above.

22. Trade and other payables

Group

	2020 £'000	2019 £'000
Current liabilities		
Trade creditors	**167,178**	141,523
Other creditors	**1,780**	2,159
Other taxes and social security	**12,270**	10,547
Accruals	**72,860**	66,653
Deferred income	**1,757**	–
Contract liabilities	**191**	39
Trade and other payables at 30 September	**256,036**	220,921
Effect of change in accounting policy for initial application of IFRS 16	**n/a**	(3,039)
Trade and other payables at 1 October	**n/a**	217,882

	2020 £'000	2019 £'000
Non-current liabilities		
Other creditors	**459**	832
Trade and other payables at 30 September	**459**	832

Trade creditors relate to either market or client transactions; the date for settlement is determined when the trade is booked.

Company

	2020 £'000	2019 £'000
Current liabilities		
Accruals	**–**	154
Deferred income	**5,085**	5,551
Amounts payable to subsidiary undertakings	**7,334**	7,334
Trade and other payables at 30 September	**12,419**	13,039

23. Lease liabilities

Group

	2020 £'000
Current	**8,316**
Non-current	**45,265**
Lease liabilities	**53,581**

Maturity analysis of lease payments:

	2020 £'000
12 months to 30 September 2021	**10,216**
12 months to 30 September 2022	**9,261**
12 months to 30 September 2023	**8,095**
12 months to 30 September 2024	**7,788**
12 months to 30 September 2025	**7,617**
From 1 October 2025 onwards	**20,300**
Total lease payments	**63,277**
Finance charges	**(9,696)**
Lease liabilities	**53,581**

23. Lease liabilities continued

Reconciliation of lease liability:

	2020 £'000
At 30 September 2019	–
Initial application of IFRS 16 (see note 37)	57,784
At 1 October 2019	57,784
Non-cash:	
Addition to ROU assets in exchange for increased lease liabilities	**2,235**
Unwind of discount	**2,327**
Cash:	
Repayments	**(8,765)**
At 30 September 2020	**53,581**

The Group does not face a significant liquidity risk from its lease liabilities.

Lease payments not recognised as a liability are presented in note 32 operating lease arrangements.

24. Provisions

Group

	At 30 September 2019 £'000	Effect of change in accounting policy for initial application of IFRS 16 (see note 37) £'000	At 1 October 2019 £'000	Additions £'000	Utilisation of provision £'000	Unwinding of discount £'000	Unused amounts reversed £'000	At 30 September 2020 £'000
Sundry claims and associated costs	338	**–**	**338**	**299**	**(17)**	**–**	**(223)**	**397**
Onerous contracts	4,840	**(3,607)**	**1,233**	**329**	**(191)**	**42**	**(31)**	**1,382**
Social security and levies on share awards	3,021	**–**	**3,021**	**974**	**(1,068)**	**–**	**(122)**	**2,805**
Incentivisation awards	854	**–**	**854**	**1,223**	**(671)**	**14**	**–**	**1,420**
Deferred and/or contingent consideration	7,888	**–**	**7,888**	**–**	**(1,367)**	**108**	**(42)**	**6,587**
Leasehold dilapidations	2,342	**(298)**	**2,044**	**255**	**(100)**	**46**	**(82)**	**2,163**
	19,283	**(3,905)**	**15,378**	**3,080**	**(3,414)**	**210**	**(500)**	**14,754**

	Current liability £'000	Non-current liability £'000	Total £'000
Sundry claims and associated costs	397	–	397
Onerous contracts	368	1,014	1,382
Social security and levies on share awards	1,072	1,733	2,805
Incentivisation awards	–	1,420	1,420
Deferred and/or contingent consideration	2,849	3,738	6,587
Leasehold dilapidations	112	2,051	2,163
At 30 September 2020	**4,798**	**9,956**	**14,754**

The Group recognises provisions for the following:

Sundry claims and associated costs

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

Onerous contracts

The provision is in respect of surplus office space costs except for rent which is accounted for under IFRS 16.

The valuation of an onerous contract is based on the best estimate of the likely costs discounted to present value. Where the provision is in relation to leasehold obligations on premises and it is more likely than not that the premises will be sublet, an allowance for recoverable costs such as service charges from the subtenant has been included in the valuation. The longest lease term has 12.5 years remaining.

Social security and levies on share awards

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

Incentivisation awards

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

Deferred and/or contingent consideration

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

Leasehold dilapidations

The provision is in respect of the expected dilapidated costs that will arise at the end of the lease. The leases covered by the provision have a maximum remaining term of 12.5 years.

25. Shares to be issued

Group and Company

Brewin Dolphin Limited, the Group's principal operating subsidiary, acquired the assets and staff of Epoch Wealth Management LLP in August 2019. There are contingent considerations that will be settled in both cash and the Company's shares, upon satisfaction of the performance conditions. The first contingent consideration is payable at the end of a twelve-month performance period to 30 September 2022; the measurement of performance can be delayed under certain circumstances by the seller.

The second contingent consideration, if payable, will be settled in both cash and the Company's shares at the end of 30 September 2024 if performance conditions are met. As at 30 September 2020, it is not expected that this contingent consideration will be payable, therefore it has been estimated as £nil (2019: £nil).

The table below reconciles the movement in the shares to be issued:

	2020 £'000	2019 £'000
At 1 October	**3,668**	–
On acquisition in the period	**–**	3,658
Unwind of discount charged to the income statement (see note 9)	**70**	10
At 30 September	**3,738**	3,668

26. Net deferred tax liability

In addition to the amount debited to the Income Statement, deferred tax relating to the actuarial gain in the defined benefit pension scheme amounting to £609,000 has been debited to other comprehensive income (2019: £945,000 debited to other comprehensive income relating to the actuarial gain). Deferred tax on share-based payments of £252,000 has been debited to profit and loss reserves (2019: £600,000 debited to profit and loss reserves).

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

Group

	Capital allowances £'000	Revaluation £'000	Other short-term timing differences £'000	Defined pension benefit scheme £'000	Share-based payments £'000	Incentivisation awards £'000	Intangible asset amortisation £'000	Total £'000
At 30 September 2018	1,268	(1)	927	(1,939)	4,616	95	(825)	4,141
Additions	–	–	–	–	–	–	(4,096)	(4,096)
Charge in the year to the Income Statement	(304)	–	(99)	(69)	(313)	(64)	(350)	(1,199)
Charge in the year to the Statement of Comprehensive Income	–	–	–	(945)	–	–	–	(945)
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(600)	–	–	(600)
At 30 September 2019	964	(1)	828	(2,953)	3,703	31	(5,271)	(2,699)
Effect of change in accounting policy for initial application of IFRS 16 (see note 37)	**–**	**–**	**1,323**	**–**	**–**	**–**	**–**	**1,323**
At 1 October 2019	**964**	**(1)**	**2,151**	**(2,953)**	**3,703**	**31**	**(5,271)**	**(1,376)**
Acquired on acquisition of subsidiary	**–**	**–**	**1,930**	**–**	**–**	**–**	**–**	**1,930**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**(4,008)**	**(4,008)**
Exchange rate movement	**–**	**–**	**101**	**–**	**–**	**–**	**(209)**	**(108)**
(Charge)/credit in the year to the Income Statement	**(107)**	**–**	**(63)**	**(299)**	**(211)**	**55**	**(4,046)**	**(4,671)**
Charge in the year to the Statement of Comprehensive Income	**–**	**–**	**–**	**(609)**	**–**	**–**	**–**	**(609)**
Charge in the year to the Statement of Changes in Equity	**–**	**–**	**–**	**–**	**(252)**	**–**	**–**	**(252)**
At 30 September 2020	**857**	**(1)**	**4,119**	**(3,861)**	**3,240**	**86**	**(13,534)**	**(9,094)**

Deferred income taxes are calculated using substantially enacted rates of UK corporate tax expected to be in force at the time assets are realised; all deferred income taxes are expected to be realised at 19%.

27. Share capital

Group and Company

	2020 No.	2019 No.	**2020 £'000**	2019 £'000
Authorised:				
Ordinary shares of 1p each	**500,000,000**	500,000,000	**5,000**	5,000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**303,234,190**	303,171,134	**3,032**	3,032

During the year the following shares were issued:

	Date	No. of shares	Exercise/ issue price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 1 October 2019		303,171,134		3,032	58,238	61,270
Issue of options	Various	63,056	131.3p – 165.7p	–	102	102
At 30 September 2020		**303,234,190**		**3,032**	**58,340**	**61,372**

The rights and obligations attached to the ordinary shares of 1 penny each in the Company are as follows:

- In terms of voting every member who is present in person or by proxy at a general meeting of the Company shall have one vote on a show of hands and one vote for every share held on a poll.
- As regards dividends, all shares in issue at the year end rank pari passu for dividends. Shareholders shall be entitled to receive dividends following declaration by the Company. Dividends are not payable in respect of any nil paid shares that may be held by the Trustees in Brewin Dolphin Holdings PLC Employee Share Ownership Trust (the 'Trust').

- The Trustees of the Brewin Dolphin Holdings PLC Employee Share Ownership Trust have agreed to waive all dividends due on the shares held in the Trust, 7,864,976 ordinary shares as at 30 September 2020 (2019: 8,047,595).
- There are no special rights for the ordinary shares in relation to control of the Company.

On a change of control, the following criteria will apply:

- 2004 Approved Share Option Schemes: Options can be exercised within 30 days of control being obtained. The options will lapse after six months.
- Long Term Incentive Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.
- Deferred Profit Share Plan: A replacement award could be made over shares in the acquiring company, otherwise the shares will vest in full and can be exercised within six months of control being obtained.
- Share Incentive Plan: No Matching Shares shall be forfeited as a consequence of a change of control.
- Equity Award Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.

The following options and awards have been granted and remain outstanding:

Scheme	Grant date	Exercise price	**2020 No.**	2019 No.
2004 Approved Share Option Scheme:				
	December 2009	165.7p	**–**	50,503
	December 2010	148p	**31,004**	42,807
	December 2011	131.3p	**14,750**	15,500
			45,754	108,810
Deferred Profit Share Plan[1]:				
	December 2013	Nil	**–**	38,374
	December 2014	Nil	**70,689**	99,718
	December 2015	Nil	**168,018**	361,631
	December 2016	Nil	**339,521**	1,900,619
	December 2017	Nil	**1,967,162**	2,053,963
	December 2018	Nil	**2,353,271**	2,478,216
	December 2019	Nil	**2,222,172**	–
			7,120,833	6,932,521
Equity Award Plan[1]:				
	February 2017	Nil	**–**	47,908
	August 2017	Nil	**–**	6,422
	May 2018	Nil	**3,032**	3,032
	December 2018	Nil	**109,441**	109,441
	January 2019	Nil	**19,586**	22,608
	March 2019	Nil	**–**	64,143
	June 2019	Nil	**1,865**	4,138
	December 2019	Nil	**113,165**	–
	January 2020	Nil	**28,344**	–
	June 2020	Nil	**5,603**	–
			281,036	257,692
Long-term Incentive Plan[2]:				
	December 2016	Nil	**–**	1,029,938
	December 2017	Nil	**725,640**	806,692
	December 2018	Nil	**830,849**	978,243
	December 2019	Nil	**973,255**	–
			2,529,744	2,814,873
Share Award Agreement[1]				
	March 2019	Nil	**85,375**	148,790
			85,375	148,790
Total options and awards outstanding as at 30 September			**10,062,742**	10,262,686

1. These options do not count towards dilution limits because the shares have been purchased in the market by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust.
2. These options may be purchased in the market by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust in these circumstances they do not count towards dilution limits.

28. Own shares

Group and Company

The own shares reserve represents the matching shares purchased in the market and held by the Brewin Dolphin Share Incentive Plan and shares purchased by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust ('ESOT').

	No. of shares	£'000
Balance at 30 September 2018	8,647,912	26,060
Acquired in the year	2,689,230	8,898
Own shares disposed of on exercise of options	(3,131,166)	(9,744)
Balance at 30 September 2019	8,205,976	25,214
Acquired in the year	**2,447,888**	**8,388**
Own shares disposed of on exercise of options	**(2,607,208)**	**(8,364)**
Balance at 30 September 2020	**8,046,656**	**25,238**

	2020 No.	2019 No.
Shares held by:		
Brewin Dolphin Holdings PLC ESOT	**7,864,976**	8,047,595
Brewin Dolphin Share Incentive Plan	**181,680**	158,381
Balance at 30 September	**8,046,656**	8,205,976

29. Other reserves

Merger reserve

The merger reserve is used where more than 90% of the share capital in a subsidiary is acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under Section 612 of the Companies Act 2006. £38.4 million of the merger reserve arose on a placing of the Company's shares and forms part of the distributable reserves.

Group

	£'000
Balance at 30 September 2019	70,553
Balance at 30 September 2020	**70,553**

Company

	£'000
Balance at 30 September 2019	70,838
Balance at 30 September 2020	**70,838**

Profit and loss account

The profit and loss reserve forms part of distributable reserves, subject to the profits being realised, £124.8 million of the reserve is distributable.

Company

	£'000
Balance at 30 September 2019	154,605
Balance at 30 September 2020	**151,852**

Revaluation reserve

The revaluation reserve represents the cumulative fair value movements on FVTOCI financial instruments recognised in other comprehensive income and does not form part of distributable reserves.

Group

	£'000
Balance at 30 September 2019	3
Balance at 30 September 2020	**(2)**

Hedging reserve

The hedging reserve represents the cumulative fair value movements on FVTOCI financial derivatives recognised in other comprehensive income and does not form part of distributable reserves.

Group

	£'000
Balance at 30 September 2019	(24)
Balance at 30 September 2020	**–**

Company

	£'000
Balance at 30 September 2019	(24)
Balance at 30 September 2020	**(24)**

30. Risk management

Overview

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

Risk management

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

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

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

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

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

30. 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. Capital adequacy is given a high level of focus to ensure not only that regulatory capital requirements are met, but that the Group is sufficiently capitalised against the risks to which it is currently exposed, as well as to withstand a range of potential stress events.

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

Regulatory capital requirements

The Group conducts an Internal Capital Adequacy Assessment Process ('ICAAP'), as required by the Financial Conduct Authority ('FCA') to assess the appropriate amount of regulatory capital to be held by the Group. There are two active regulated entities in the Group: Brewin Dolphin Limited ('BDL') regulated by the FCA and Brewin Dolphin Wealth Management Limited regulated by the Central Bank of Ireland. The Jersey branch of BDL is regulated by the Jersey Financial Services Commission. There is one further regulated entity in the Group, Brewin Dolphin Capital & Investments (Ireland) Limited acquired on 31 October 2019; the trade from this entity was hived up to Brewin Dolphin Wealth Management Limited during the year to 30 September 2020.

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

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

The regulatory capital resources of the Group were as follows:

	2020 £'000	2019 £'000
Share capital	**3,032**	3,032
Share premium account	**58,340**	58,238
Own shares	**(25,238)**	(25,214)
Hedging reserve	**–**	(24)
Revaluation reserve	**(2)**	3
Merger reserve	**70,553**	70,553
Profit and loss account	**228,351**	231,115
	335,036	337,703
Shares to be issued	**3,738**	3,668
Regulatory capital resources before deductions	**338,774**	341,371
Deduction – Intangible assets (net of deferred tax liability)	**(161,183)**	(111,042)
Deduction – Defined benefit pension scheme asset (net of deferred tax liability)	**(16,463)**	(14,420)
Deduction – Free deliveries	**(10)**	(11)
Total regulatory capital resources after deductions at 30 September	**161,118**	215,898

Information disclosure under Pillar 3 of the Capital Requirements Directive will be published on the Group's website before 31 December 2020 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(s) to the financial statements.

Categories of financial instruments

Group

	Carrying value 2020 £'000	2019 £'000
Financial assets		
Financial assets at FVTOCI	**68**	79
Financial assets at FVTPL	**379**	373
Non-current finance lease receivables	**1,966**	–
Current finance lease receivables	**167**	–
Non-current receivables	**931**	–
Current loans and receivables	**239,096**	206,494
Cash and cash equivalents	**180,533**	229,199
At 30 September	**423,140**	436,145
Financial liabilities		
Shares to be issued including premium	**3,738**	3,668
Financial liabilities at FVTPL – deferred and contingent consideration	**6,587**	7,888
Amortised cost	**291,093**	202,924
At 30 September	**301,418**	214,480

Company

	Carrying value 2020 £'000	2019 £'000
Financial assets		
Current loans and receivables	**35,042**	38,967
Cash and cash equivalents	**1,256**	47,000
At 30 September	**36,298**	85,967
Financial liabilities		
Shares to be issued including premium	**3,738**	3,668
Amortised cost	**7,334**	7,346
At 30 September	**11,072**	11,014

Market risk

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

The Group undertakes trades on an agency basis on behalf of its clients. The Group holds financial instruments as principal but does not trade as principal. All trades are matched in the market (see note 19).

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

The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year end was a debtor of £870,000 (2019: £804,000).

The Group is exposed to translation risk in respect of the foreign currency value of the net assets of Brewin Dolphin Wealth Management Limited ('BDWM') and its subsidiary Brewin Dolphin Capital & Investments (Ireland) Limited acquired on 31 October 2019 (see note 35 for details), both based in the Republic of Ireland, together 'Brewin Dolphin Ireland'. At the year end Brewin Dolphin Ireland had net assets of £50.6 million (2019: £5.1 million) denominated in its local currency (Euros).

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

30. Risk management continued

Cash flow hedge

The Group has not undertaken any cash flow hedges in the current year. In the prior year, the Group undertook a short term cash flow hedge for €52.0 million (see below) to mitigate foreign exchange risk, ahead of the completion of the acquisition of Investec Capital & Investments (Ireland) Limited (see note 35). This was the only derivative held during 2019.

Equity price risk

The Group is exposed to equity price risk arising from both FVTOCI and FVTPL investments (see note 20).

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower:

- Pre-tax profit for the year ended 30 September 2020 would have been £1,900 higher/lower (2019: £18,650 higher/lower) due to changes in the fair value of financial assets at fair value through profit or loss; and
- Other equity reserves as at 30 September 2020 would increase/decrease by £4,300 (2019: increase/decrease by £3,900) pre-tax for the Group as a result of the changes in fair value of financial assets through other comprehensive income.

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

Interest rate risk

The Group is exposed to interest rate risk in respect of the Group's cash and in respect of client deposits. The Group holds client and firm deposits on demand and in 30 to 95 day notice accounts. Client deposits are fully segregated from the Group's deposits and held in separate accounts. During the year a 0.25% increase in base rate would have increased pre-tax profit by £272,000 (2019: 1% increase in base rate £1,159,000).

Credit risk

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

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

Settlement risk

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

Concentration of credit risk

The Group has no significant concentration of credit risk with the exception of cash. The Group utilises a panel of five internally approved major banking groups and the majority of cash is currently spread across all five on the panel.

Maximum exposure

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

Credit exposure

Credit exposure in relation to settlement risk is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current year of £16,971 (2019: £16,403).

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the year end was £392,000 (2019: £179,000). Collateral valued at fair value by the Group in relation to these impaired assets was £59,000 (2019: £136,000). This collateral is stock held in the clients' account which per our client terms and conditions can be sold to meet any unpaid liabilities falling due. The net difference has been provided as an allowance for credit impaired assets (see note 19). Note 19 details amounts past due but not impaired.

Non-impaired assets

Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds and equity trades quoted on a recognised exchange, which are matched in the market, and are either traded on a Delivery Versus Payment basis or against a client's portfolio in respect of which any one trade would normally be a small percentage of the client's collateral held by the Group's nominees. At the year end no financial assets that would otherwise be past due or impaired had been renegotiated (2019: none).

Loans to employees are repayable over a maximum of three years (see note 19).

The credit risk on liquid funds, cash and cash equivalents is limited as deposits are diversified across a panel of major banks. This ensures that the Group is not excessively exposed to an individual counterparty. The Group's policy requires cash deposits to be placed with banks with a minimum long-term credit rating of A- (S&P)/A3 (Moody's)/A- (Fitch), excluding Brewin Dolphin Wealth Management Limited and its subsidiaries. Requirements and limits are reviewed on a regular basis. The Group's allocation of cash and cash equivalents to S&P rating grades has been outlined in the below table:

	AA	A+	A	A-	Below A-
Cash and cash equivalents	0.4%	40.5%	34.9%	17.2%	7.0%

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

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

Liquidity risk

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

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

At 30 September 2020, the Group had access to a revolving credit facility of £10 million which is undrawn (2019: £10 million).

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

Group

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

At 30 September 2020

	Up to 1 month £'000	**1 month to 3 months £'000**	**3 months to 1 year £'000**	**1 to 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Financial liabilities						
Shares to be issued including premium	**–**	**–**	**–**	**3,875**	**–**	**3,875**
Financial liabilities at FVTPL – deferred and contingent consideration	**–**	**–**	**2,859**	**3,875**	**–**	**6,734**
Amortised cost	**181,387**	**34,564**	**29,900**	**34,641**	**20,300**	**300,792**
	181,387	**34,564**	**32,759**	**42,391**	**20,300**	**311,401**

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	–	–	–	3,875	–	3,875
Financial liabilities at FVTPL – deferred and contingent consideration	–	–	1,409	6,734	–	8,143
Amortised cost	150,044	31,808	19,920	1,152	–	202,924
	150,044	31,808	21,329	11,761	–	214,942

30. Risk management continued

Company

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

At 30 September 2020

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	–	–	–	3,875	–	3,875
Amortised cost	7,334	–	–	–	–	7,334
	7,334	–	–	3,875	–	11,209

At 30 September 2019

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Shares to be issued including premium	–	–	–	3,875	–	3,875
Amortised cost	7,346	–	–	–	–	7,346
	7,346	–	–	3,875	–	11,221

Fair value measurement recognised on the Balance Sheet

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

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

Fair value of the Group's financial assets 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 30 September 2020 £'000	Fair value as at 30 September 2019 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 1					
Financial assets at FVTPL	379	373	Quoted bid prices in an active market.	n/a	n/a
Level 3					
Financial assets at FVTOCI – Equity	37	48	The valuation is based on published monthly NAVs.	n/a	n/a
Financial assets at FVTOCI – Equity	31	31	The valuation is based on the net assets as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.

Sensitivity analysis

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

Financial asset	Assumption	Change in assumption	Impact on valuation
Current assets – financial assets at FVTOCI – Equity	Marketability discount	Increase by 5%	Decrease by £4,300

Fair value hierarchy

At 30 September 2020

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

At 30 September 2019

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

Reconciliation of Level 3 fair value measurement of financial assets:

Financial assets at FVTOCI

	Total £'000
Balance at 30 September 2018	676
Net gain from changes in fair value recognised in equity	1
Disposals	(598)
Balance at 30 September 2019	79
Net loss from changes in fair value recognised in equity	**(5)**
Disposals	**(6)**
Balance at 30 September 2020	**68**

31. Share-based payments

The Group recognised total expenses in the year of £9,779,000 (2019: £7,769,000) related to equity-settled share-based payment transactions.

For a summary of all options and awards outstanding at the year end see note 27.

Equity-settled share option schemes

The Group has one plan, the 2004 Approved Option Scheme ('the Scheme'), for the granting of non-transferable options to employees. All options granted have fully vested and the services received from employees entitled to options under the Scheme have been fully expensed.

Other equity settled share-based payment plans

Long Term Incentive Plan ('LTIP')

The LTIP is a conditional arrangement under which contingent share awards can be made to selected senior management, including the Executive Directors. Details regarding the awards to the Executive Directors are set out in the Remuneration Report. The award will vest in one tranche, no earlier than three years from the grant date. Vesting will be subject to performance conditions which are set prior to each grant by the Remuneration Committee. The performance conditions will be related to the financial performance of the Group.

During 2020, the Group granted 1,192,743 LTIP awards which have an aggregate fair value of £3,507,499 at the date of grant. The Black-Scholes model is used to fair value the LTIP at the date of grant. The inputs into the Black-Scholes model used for the purposes of determining fair value were as follows:

Weighted average share price	345p
Weighted average exercise price	0.0p
Expected volatility	23.74%
Expected life (yrs.)	3
Risk free rate	0.77%
Expected dividend yield	5.32%

Share Incentive Plan ('SIP')

Employees who have been employed for longer than six months and are subject to PAYE are invited to join the SIP. Employees may use funds from their gross salary (being not less than £10 and not greater than £150) to purchase ordinary shares in the Company ('Partnership Shares'). For every Partnership Share purchased, the employee receives matching shares (up to a total value of £20 per month). Employees are offered an annual opportunity to top up contributions to the maximum annual limit of £1,800 (or 10% of salary if lower). All shares to date awarded under this scheme have been purchased in the market monthly. It is the intention of the Directors to continue this policy in the year to 30 September 2021.

Deferred Profit Share Plan ('DPSP')

The DPSP provides for eligible employees to defer part of their annual profit share entitlement into an award over ordinary shares (an 'Award'). Current policy is that employees receiving annual profit share in excess of £50,000 are required to defer 33% of any profit share in excess of this amount for a period of three years. Additional deferral requirements apply to Executive Directors which are set out in the Directors' Remuneration Report. Awards are generally in the form of nil cost options to acquire ordinary shares, although at the discretion of the Remuneration Committee they may also take the form of a conditional right to receive ordinary shares. Awards in the form of mandatory deferrals made to the employees who leave the Group at any time prior to vesting lapse unless the employee leaves as a result of good leaver provisions. It is the intention of the Board to recommend our Trustees to purchase the shares in the market to satisfy options awarded under this scheme in order to avoid dilution in the year to 30 September 2021.

During 2020, the Group granted 2,340,551 DPSP options which have an aggregate fair value of £8,074,901 at the date of grant.

Equity Award Plan ('EAP')

The EAP is a discretionary arrangement under which contingent share awards can be made to selected employees within the Group below Board level, for example to reward exceptional performance on behalf of the Group or in certain circumstances to aid key staff retention. Awards are generally in the form of conditional share awards, although at the discretion of the Remuneration Committee they may also take the form of share options. Awards will normally vest three years after grant subject to continued service provisions. Awards will only be capable of being satisfied with existing shares sourced via the Company's employee benefit trust. No newly issued shares and/or treasury shares can be used under the EAP. Only non-director employees are eligible for selection to participate in the plan.

During 2020, the Group granted 148,561 EAP awards which have an aggregate fair value of £510,544 at the date of grant.

Share Award Agreement ('SAA')

The SAA was established specifically to facilitate the recruitment of the Chief Finance Officer and mirrors the rules of the LTIP subject to variations as set out in the SAA. The SAA was made in the form of conditional share awards with varying vesting dates. No performance conditions were attached to the SAA. The SAA is only capable of being settled by the transfer of existing shares via the ESOT and no newly issued or treasury shares can be used to satisfy the awards.

No awards have been made in the year.

32. Operating lease arrangements

Group

The Group as lessor

Disclosure required by IFRS 16

Operating leases, in which the Group is lessor, relate to certain property leases where there is surplus office space that the Group has sublet. The Group acts as an intermediate lessor in the sublease, where the Group has not transferred substantially all the risks and rewards of the head lease to the lessee, the sublease is classified as an operating lease.

The subleases have terms of 9 to 12 years and may contain tenant exercisable break options.

Maturity analysis of the operating lease payments receivable:

	2020 £'000
Less than 1 year	**687**
1 to 2 years	**687**
2 to 3 years	**687**
3 to 4 years	**687**
4 to 5 years	**687**
Greater than 5 years	**1,158**
Total operating lease payments receivable	**4,593**

Disclosure required by IAS 17

As at 30 September 2019, there was £6.6 million of future minimum sublease payments expected to be received under non-cancellable subleases. These expected future sublease receipts are deducted in arriving at the onerous contracts provision.

The Group as lessee

Disclosure required by IAS 17

The Group recognised operating leases payments as an expense in 2019 as follows:

	Land and buildings £'000	Hire of equipment £'000
Lease payments	7,744	297
	7,744	297

The Group had significant operating lease arrangements with respect to the premises it occupies. Hire of equipment is in relation to multifunctional printers and vending machines.

At 30 September 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings £'000	Hire of equipment £'000
Amounts payable under operating leases:		
Within one year	8,828	221
In the second to fifth years inclusive	33,334	30
After five years	27,468	–
	69,630	251

The balances disclosed above include future minimum onerous operating lease payments which are included in the onerous contracts provision calculation.

33. Contractual commitments

Group

Capital expenditure authorised and contracted for at 30 September 2020 but not provided in the Financial Statements amounted to £0.7 million (2019: £7.8 million).

34. Notes to the Cash Flow Statement

Group

	2020 £'000	2019 £'000
Operating profit	**63,792**	60,961
Adjustments for:		
Depreciation of property, plant and equipment	**3,114**	2,823
Depreciation of right of use assets	**6,250**	–
Amortisation of intangible assets – client relationships and brand	**11,072**	6,858
Amortisation of intangible assets – software	**417**	1,105
Defined benefit pension scheme past service costs	**–**	1,909
Defined benefit pension scheme cash contributions	**(1,250)**	(1,979)
Share-based payment expense	**9,779**	7,769
Translation adjustments	**303**	(31)
Lease incentive	**442**	–
Interest income	**491**	1,414
Interest expense	**(20)**	(16)
Operating cash flows before movements in working capital	**94,390**	80,813
Increase in payables and provisions	**27,237**	43,227
Decrease in receivables and trading investments	**(27,347)**	(45,084)
Cash generated by operating activities	**94,280**	78,956
Tax paid	**(16,894)**	(12,309)
Net cash inflow from operating activities	**77,386**	66,647

There are no liabilities due to financing activities other than lease liabilities, a reconciliation of which is provided in note 23.

Company

	2020 £'000	2019 £'000
Operating profit/(loss)	**45,410**	(799)
Operating cash flows before movements in working capital	**45,410**	(799)
Interest income	**5**	26
Interest expense	**(16)**	–
(Decrease)/increase in payables	**(154)**	152
Decrease in receivables and trading investments	**3,925**	33,712
Cash generated by operating activities	**49,170**	33,091
Tax paid	**–**	–
Net cash inflow from operating activities	**49,170**	33,091

35. Business combinations

Group

2020

a. Investec Capital & Investments (Ireland) Limited

On 31 October 2019, Brewin Dolphin Wealth Management Limited ('BDWM'), a subsidiary, based in the Republic of Ireland, completed the acquisition of Investec Capital & Investments (Ireland) Limited ('ICIIL'), the wealth management business of Investec Group in the Republic of Ireland. The acquired entity has been renamed Brewin Dolphin Capital and Investments (Ireland) Limited ('BDCIIL'). BDCIIL was acquired to meet the delivery of the Group's strategic objectives by expanding the Group's presence and scale in Ireland.

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

Purchase consideration:

	£'000
Cash paid	32,029
Net assets acquired for cash	11,335
Total purchase consideration	43,364

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

Amounts recognised:

	£'000
Non-current assets	
Intangible asset – client relationships[1]	32,067
Current assets	
Trade and other receivables	8,316
Cash and cash equivalents	14,102
Current liabilities	
Trade and other payables	(7,773)
Cash and cash equivalents	(1,380)
Non-current liabilities	(4,008)
Identifiable net assets acquired	41,324
Goodwill	2,040

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

The goodwill balance comprises:

- the excess of the fair value of the assets acquired (excluding the deferred tax liability) over the consideration paid which was negative; and
- the value of the deferred tax liability arising on recognition of the client relationship intangible asset on acquisition.

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	43,364
Less: Net assets acquired for cash	(11,335)
Total net cash outflow[1]	32,029

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

i. Acquisition-related costs

Acquisition-related costs of £3,600,000 have been recognised as an expense in the Income Statement (2019: £1,734,000).

ii. Revenue and net profit

The acquired business contributed revenues of £13,491,000 and profit after tax of £2,201,000 to the Group for the period from 31 October 2019 to 30 September 2020 excluding the impact of the amortisation for the client relationships recognised on acquisition. If the acquisition had occurred on 1 October 2019, consolidated revenue and consolidated profit after tax for the year would have been £1,226,500 and £200,100 higher respectively, excluding the impact of the amortisation for the client relationships recognised on acquisition.

35. Business combinations continued

2019

a. Aylwin Limited

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

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

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

Purchase consideration:

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

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

Amounts recognised:

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

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

Net cash outflow arising on acquisition:

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

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

i. Acquisition-related costs
Acquisition-related costs amounting to £73,800 have been recognised as an expense in the Income Statement for the year ended 30 September 2019.

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

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

Aylwin contributed revenues of £66,000 and profit after tax of £29,000 to the Group for the period from 12 March 2019 to 31 March 2019.

b. Mathieson Consulting Limited ('MC')

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

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

Purchase consideration:

	£'000
Cash paid	736
Net assets acquired for cash	413
Deferred consideration (see ii below)	652
Total purchase consideration	1,801

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

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

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

Net cash outflow arising on acquisition:

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

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

i. Acquisition-related costs

Acquisition-related costs amounting to £68,300 have been recognised as an expense in the Income Statement for the year ended 30 September 2019.

ii. Deferred consideration

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

iii. Revenue and profit contribution

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

35. Business combinations continued

c. Epoch

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

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

Purchase consideration:

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

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

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

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

Net cash outflow arising on acquisition:

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

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

i. Acquisition-related costs

Acquisition-related costs of £461,000 have been recognised as an expense in the Income Statement for the year ended 30 September 2019.

ii. Contingent consideration

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

iii. Acquired tangible assets and other assets

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

iv. Revenue and net profit

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

36. Related party transactions

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

	Amounts owed by related parties		Amounts owed to related parties	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Bell Lawrie White & Co. Limited	**–**	–	**2,434**	2,434
Brewin Dolphin Limited	**35,042**	38,967	**–**	–
Brewin Broking Limited	**–**	–	**4,900**	4,900
	35,042	38,967	**7,334**	7,334

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

The only effect of related party transactions on the profit and loss of the Company was in respect of dividends. The Company received dividends of £45,500,000 (2019: £nil) from Brewin Dolphin Limited and £nil (2019: £1,067,250) from Brewin Dolphin Wealth Management Limited.

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

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

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

Remuneration of key management personnel ('KMP')

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

The remuneration expense for key management personnel is as follows:

	2020 £'000	2019 £'000
Short-term employee benefits	**4,646**	4,968
Post-employment benefits	**22**	16
Share-based payment:		
Lapses where KMP have left the Group	**(109)**	–
Continuing KMP	**1,221**	1,047
	5,780	6,031

The remuneration of individual Directors is set out in the Directors' Remuneration Report on page 83 in addition to the disclosure above.

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

Directors' transactions

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

37. Impact of application of IFRS 16 Leases

Group

The Group adopted IFRS 16 from 1 October 2019. In accordance with the transition requirements of IFRS 16, comparative information for 2019 has not been restated.

The adoption of IFRS 16 has resulted in a significant increase in the Group's reported assets and liabilities on its Consolidated Balance Sheet. The depreciation (of the ROU asset) and interest charges (unwind of the discounted lease liability) have replaced the lease costs charged to other operating costs in the Income Statement on a straight-line basis under the previous standard (IAS 17).

The application of IFRS 16 has had no impact on the consolidated cash flows of the Group except that lease payments and associated interest payments are shown within financing activities rather than net cash flows from operating activities and include interest received and cash payments from lessees. There has been no impact on the basic and diluted earnings per share for the Group.

Impact on the Consolidated Balance Sheet as at 1 October 2019

The table below shows the amount of adjustment for each financial statement line item affected by the initial application of IFRS 16.

	At 30 September 2019 £'000	Adjustments £'000	At 1 October 2019 £'000
Property, plant and equipment	10,659	(217)	10,442
Right of use assets	–	43,305	43,305
Non-current other receivables	–	688	688
Non-current finance lease receivables	–	1,181	1,181
Total non-current assets	145,278	44,957	190,235
Current trade and other receivables	216,212	(1,371)	214,841
Current finance lease receivables	–	118	118
Total current assets	445,863	(1,253)	444,610
Total assets	591,141	43,704	634,845
Current trade and other payables	220,921	(3,039)	217,882
Current lease liabilities	–	6,653	6,653
Current provisions	4,350	(521)	3,829
Total current liabilities	231,306	3,093	234,399
Net current assets	214,557	(4,346)	210,211
Net deferred tax liability	2,699	(1,323)	1,376
Non-current lease liabilities	–	51,131	51,131
Non-current provisions	14,933	(3,384)	11,549
Total non-current liabilities	22,132	46,424	68,556
Total liabilities	253,438	49,517	302,955
Net assets	337,703	(5,813)	331,890
Profit and loss account	231,115	(5,813)	225,302
Total equity	337,703	(5,813)	331,890

ROU assets

These assets (see note 15) represent the Group's contractual right to access an identified asset under the terms of the lease contract.

Finance lease receivables

Amounts due from lessees under finance leases are recognised as finance lease receivables (see note 16) and represent the Group's net investment in the finance sublease.

Lease liabilities

The liabilities represent the Group's contractual obligation to minimum lease payments during the lease term. Any liability payable in the next 12 months is recognised in current liabilities and all other liabilities are recognised in non-current liabilities.

To measure the lease liabilities, the remaining lease payments were discounted using a weighted average incremental borrowing rate of 3.9%. See note 4b(iv) for an explanation of the determination of the incremental borrowing rate.

The table below reconciles the operating lease commitments as at 30 September 2019 disclosed in note 32 and the lease liability recognised at the date of initial application of IFRS 16.

	£'000
Operating lease commitments at 30 September 2019	69,881
Short-term leases and low value leases	(363)
Effect of discounting the above amounts	(11,734)
Lease liabilities recognised at 1 October 2019	57,784
Current liability	6,653
Non-current liability	51,131
Lease liabilities recognised at 1 October 2019	57,784

Deferred tax

A deferred tax asset has been recognised and represents the temporary corporation taxation timing difference on the transition adjustment taken to reserves.

Trade and other payables/trade and other receivables and provisions

The adjustments to these balances are in relation to lease incentives, onerous property provisions, dilapidation provisions and certain lease incentives which were recognised on the Consolidated Balance Sheet under IAS 17. These items are now reflected in either the ROU assets or lease liabilities.

Retained earnings

The impact on opening retained reserves on the initial application of IFRS 16 was to reduce reserves by £5,813,000.

Impact on the Consolidated Income Statement for the year ended 30 September 2020

The Group recognised lease liability finance costs of £2,327,000 for the year; depreciation expense of £6,250,000 for the ROU assets (see note 15); and rental income of £572,000 from operating subleases (shown in note 5 within other operating income).

For the year ended 30 September 2019, the Group recognised rental costs of £8,041,000 in accordance with IAS 17.

38. Post balance sheet events

Company and Group

There were no post balance sheet events.

Agility & Resilience

Other Information

Other Information

Five Year Record (unaudited)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Revenue	**359,164**	336,301	326,226	303,896	280,484
Other operating income	**2,283**	2,808	2,801	568	1,866
Income	**361,447**	339,109	329,027	304,464	282,350
Staff costs	**(199,485)**	(184,896)	(174,822)	(162,689)	(152,175)
Other operating costs	**(82,056)**	(80,812)	(77,506)	(71,766)	(69,458)
Adjusted items					
FSCS levy	**–**	–	288	–	–
Redundancy costs	**–**	–	–	(742)	(2,780)
Onerous contracts	**(250)**	(996)	(170)	(1,969)	(311)
One-off migration costs	**–**	–	–	–	(1,596)
Defined benefit pension scheme past service costs	**–**	(1,909)	–	–	–
Acquisition costs	**(3,600)**	(2,337)	–	(1,683)	–
Incentivisation awards	**(1,192)**	(340)	(1,318)	(1,297)	–
Amortisation of intangible assets – client relationships and brand	**(11,072)**	(6,858)	(7,619)	(6,650)	(6,287)
Operating expenses	**(297,655)**	(278,148)	(261,147)	(246,796)	(232,607)
Operating profit	**63,792**	60,961	67,880	57,668	49,743
Net finance (expense)/income and other gains and losses	**(1,720)**	1,563	624	(25)	319
Profit before tax	**62,072**	62,524	68,504	57,643	50,062
Tax	**(14,117)**	(14,457)	(15,008)	(12,490)	(11,095)
Profit attributable to equity shareholders of the parent	**47,955**	48,067	53,496	45,153	38,967
Dividend per share	**14.3p**	16.4p	16.4p	15.0p	13.0p
Adjusted[1] earnings per share					
Basic	**21.1p**	21.2p	22.5p	20.5p	17.7p
Adjusted[1] diluted	**20.4p**	20.5p	21.7p	19.6p	16.8p

1. See note 12.

Appendix – calculation of KPIs

Revenue growth

1. **Discretionary funds inflows** are calculated from the Group's client database. The growth in net inflows is derived from the total new client accounts opened, closed or transferred between services categories during the year. Net fund flows of £0.9 billion over the opening discretionary funds value of £40.1 billion show a growth rate of 2.2%.

Improved efficiency

2. **Adjusted[1] PBT margin** is calculated by taking the adjusted[1] profit before tax of £78.2 million in 2020 (2019: £75.0 million) over the total income of £361.4 million (2019: £339.1 million) resulting in an adjusted[1] PBT margin of 21.6% (2019: 22.1%).
3. **Discretionary funds per Client Facing Certified Person** of £77 million (2019: £81 million) is based on the total of discretionary funds excluding MPS over the total number of client-facing professional investment managers and financial planning staff ('Client Facing Certified Persons') for the Group of 477 (2019: 448).

Capital efficiency and shareholder return

4. **Capital adequacy risk appetite ratio** is calculated by dividing regulatory capital resources over the assessment of regulatory capital requirements (see note 30 to the financial statements).
5. **Adjusted[1] diluted earnings per share**, the diluted earnings per share is 20.4p (2019: 20.5p).
6. **Dividend payout ratio** is calculated by adding the interim and final dividend per share paid by the Group 14.3p (2019: 16.4p) and dividing by adjusted[1] diluted EPS 20.4p (2019: 20.5p).

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

Shareholder information

Investor information

Visit our website, www.brewin.co.uk, for investor information and Company news. In addition to accessing financial data, you can view and download annual and interim reports, analyst presentations and access the best of our research and investment views, plus lifestyle news and interviews.

You can also subscribe to an email news alert service to automatically receive an email when significant announcements are made.

Shareholding information

Please contact our registrars, Equiniti, directly for all enquiries about your shareholding. Visit their Investor Centre website www.shareview.co.uk for online information about your shareholding (you will need your shareholder reference number which can be found on your share certificate or dividend tax voucher), or telephone the registrars direct: 0371 384 2237 or + 44 (0) 121 415 7047.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. The advantages to using this service are: the payment is more secure than sending a cheque through the post; it avoids the inconvenience of paying in a cheque; and there is no risk of lost, stolen or out-of-date cheques.

A mandate form can be obtained from Equiniti or you will find one on the reverse of the tax voucher of your last dividend payment.

Electronic communications

Shareholders have previously passed a resolution enabling Brewin Dolphin to take advantage of provisions in the Companies Act 2006 that allow us to supply documents such as the Annual Report and Accounts to our shareholders via our website www.brewin.co.uk. This helps to reduce the cost and environmental impact of producing and distributing printed documents. Shareholders that wish to continue to receive shareholder documents in hard copy can request this by writing to the registrar, Equiniti.

All shareholder communications, including the Annual Report and Accounts, are made available to shareholders on the Brewin Dolphin website and you may opt to receive email notification that documents and information are available to view and download. If you would like to sign up for this service, visit Equiniti's website. You may change the way you receive communications at any time by contacting Equiniti.

Annual General Meeting

The 2021 Annual General Meeting of Brewin Dolphin Holdings PLC will be held at 12 Smithfield Street London EC1A 9BD on Friday 5 February 2021 at 11.30 a.m and this will be a closed meeting due to COVID-19. Shareholders are not permitted to attend the meeting. Further details are available in the Notice of Meeting.

Useful contacts

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Company Registration Number:
02685806

Company Secretary:
Tiffany Brill 0.Cosec@brewin.co.uk

Head of Investor Relations:
Carla Bloom investor.relations@brewin.co.uk

Registrar:
Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. +44 (0) 121 415 7047

Online help:
shareview.co.uk – from here, you will be able to securely email Equiniti with your enquiry.

Glossary

AGM	Annual General Meeting
ASOP	Approved Share Options Plan
Aylwin	Aylwin Limited
BDCILL	Brewin Dolphin Capital & Investments (Ireland) Limited
BDH	Brewin Dolphin Holdings PLC/Brewin Dolphin
BDL	Brewin Dolphin Limited
BDO LLP	Internal Auditor
BDWM	Brewin Dolphin Wealth Management Limited
bps	Basis points
BPS	Brewin Portfolio Service
CASS	Client Money & Assets
CEO	Chief Executive Officer
CFCP	Client-facing Certified Person
CFO	Chief Financial Officer
CGU	Cash generating unit
CMA	Competition and Markets Authority
CSR	Corporate Social Responsibility
CRO	Chief Risk Officer
Deloitte LLP	External Auditor
DFM	Discretionary Fund Management
DPSP	Deferred Profit Share Plan
EAP	Equity Award Plan
EBITDA	Earnings before interest, tax, depreciation and amortisation
Epoch	Epoch Wealth Management LLP
EPS	Earnings per share
ESG	Environment, Social, Governance
Equiniti	The Company's Registrar
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas Emissions
Group	Brewin Dolphin Holdings PLC (the 'Company') and its subsidiaries
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICIIL	Investec Capital & Investments (Ireland) Limited
IFA	Independent Financial Adviser
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
L&D	Learning and Development
LSE	London Stock Exchange
LTIP	The Company's long term incentive plan, the 'Long Term Performance Plan'
MAR	Market Abuse Regulation
Mathieson	Mathieson Consulting Limited
MiFID II	Markets in Financial Instruments Directive
MPS	Managed Portfolio Service
MTP	Medium-Term Plan
PBT	Profit Before Tax
ROE	Return on Equity
RMF	Risk Management Framework
SAA	Share Award Agreement
SMCR	Senior Managers & Certification Regime
TCFD	Task Force on Climate-related Financial Disclosures
TSR	Total Shareholder Return
XO	Execution Only

Offices[1]

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Birmingham
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Bristol
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Cambridge
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Cardiff
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Dundee
0138 231 7200

Edinburgh
0131 225 2566

Exeter
0139 244 0450

Gatwick
0129 3661 323

Glasgow
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Ipswich
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1. www.brewin.co.uk/our-offices/

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