10 May 2019

Brewin Dolphin Holdings PLC

Interim Management Report

For the Half Year Ended 31 March 2019

David Nicol, Chief Executive, said:

"In the first half of 2019, the Group has continued to deliver strong and resilient organic growth, even with the backdrop of volatile market conditions. This is demonstrated by the strength of our discretionary funds flows. Our strategy of focusing on our advice-led wealth management service in the direct market continues to deliver results.

We are investing in our business to support future long-term growth. Over the past few months we have announced the replacement of our core custody and settlement system and a number of acquisitions. These initiatives are laying the foundations for long-term growth and will ensure that we are well placed to capture market opportunities."

Highlights

- Another period of strong organic funds inflows with the Group making progress on its strategic plan.
- Total funds were £42.4bn (H1 2018: £39.7bn, FY 2018: £42.8bn).
- In the six months to 31 March 2019, the MSCI WMA Private Investor Balanced Index fell by 1.6% and the FTSE 100 Index fell by 3.1%.
  - Discretionary funds of £37.5bn (FY 2018: £37.6bn) reflect continued organic growth offset by investment performance.
  - Net inflows of discretionary funds, including transfers, of £0.8bn (H1 2018: £1.3bn) represent an annualised growth rate of 4.3% (H1 2018: 7.7%).
- Total income for the period increased marginally to £162.3m (H1 2018: £161.8m) due to largely flat average funds over the period.
- Total costs of £127.6m excluding adjusted[1,3] items (H1 2018: £123.3m), 3.5% increase in-line with expectations from spending on growth initiatives and infrastructure projects.
- Profit before tax and adjusted[1,3] items of £35.6m, 8.2% lower than H1 2018 (£38.8m).
- Statutory profit before tax of £29.7m, 12.9% lower than H1 2018 (£34.1m).
- Adjusted[1,3] earnings per share:
  - Diluted earnings per share[2] decreased by 8.3% to 9.9p (H1 2018: 10.8p).
  - Basic earnings per share decreased by 9.7% to 10.2p (H1 2018: 11.3p).
- Statutory earnings per share:
  - Diluted earnings per share of 8.1p (H1 2018: 9.4p).
  - Basic earnings per share of 8.3p (H1 2018: 9.7p).
- Interim dividend of 4.4p per share announced (2018 interim: 4.4p per share).

1. Adjusted items are amortisation of client relationships - £3.3m (H1 2018: £4.0m), defined benefit pension scheme past service costs - £1.9m (H1 2018: £nil), acquisition costs - £0.5m (H1 2018: £nil), incentivisation awards £0.2m (H1 2018: £0.6m), onerous contracts - £(0.04)m (H1 2018: £0.4m) and FSCS levy refund £nil (H1 2018: £0.3m).
2. See note 8.
3. See Group's 2018 Annual Report and Accounts page 34 for explanation of adjusted profit before tax and why the adjusted measures have been chosen.

Declaration of Interim Dividend

The Board declares an interim dividend of 4.4p per share. The interim dividend is payable on 14 June 2019 to shareholders on the register at the close of business on 24 May 2019 with an ex-dividend date of 23 May 2019.

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NOTES TO EDITORS: Brewin Dolphin is a UK FTSE 250 provider of discretionary wealth management. The Group offers award-winning personalised wealth management services that meet the varied needs of our clients. Our services range from bespoke, discretionary investment management to retirement planning and tax-efficient investing. We have a network of offices across the UK, Jersey and Dublin, staffed by qualified investment managers and financial planners. We are committed to the most exacting standards of client service, with long-term thinking and absolute focus on our clients' needs at the core.

First half review

The business has performed well and remained very resilient in the first half of 2019 against a more volatile market backdrop, particularly in the first quarter. Adjusted diluted earnings per share was 9.9p (H1 2018: 10.8p) against a strong comparative period last year. Statutory diluted earnings per share was 8.1p (H1 2018: 9.4p).

Total discretionary funds were £37.5bn (FY 2018: £37.6bn) with £1.0bn of net new discretionary flows offset by investment performance. The annualised growth rate for net discretionary funds flows, including transfers, was 4.3% in the period against our 5% target.

Direct discretionary net new flows increased to £0.4bn (HY 2018: £0.1bn) demonstrating that our strategy to grow this business through our advice-led integrated wealth management service is starting to pay off. Inflows into this service were 40% of total direct discretionary gross funds inflows, up from 30% in 2018.

Net inflows, excluding transfers, in the intermediary channel were lower at £0.3bn (HY 2018: £0.7bn) attributable to continued economic uncertainty, leading to subdued client activity. Additionally, market trends show that defined benefit pension scheme transfers were lower this period, reducing intermediaries client flows further. However, sustained net flows in our managed portfolio service ('MPS') of £0.3bn were in line with last year (HY 2018: £0.3bn). As part of our intermediary strategy, to broaden our MPS distribution channels, we have entered into three new partnerships in different target market segments.

We continue to develop our spectrum and complexity of client advice to support current and prospective client needs. We have made good progress in our newer initiatives of BPS, WealthPilot and *1762 from Brewin Dolphin*. Our office in the West End (*1762 from Brewin Dolphin*) continues to make progress and we have seen some excellent new hires, all of whom have been attracted by our proposition and ambitious growth plans.

We have undertaken some targeted inorganic growth and acquired two businesses. The first, Aylwin Limited, a financial planning business, strengthens our capabilities in Southern England. The business has relocated to our new office in Winchester consolidating with our Bournemouth branch. The second, Mathieson Consulting Limited, a consultancy business providing an expert witness report service covering pension valuations, expands the Group's professional service offering, complementing the core business.

In addition, we signed an agreement on 26 April 2019 to acquire the assets and staff of Epoch Wealth Management LLP, a financial planning led business in Bath, with total assets under advice of £0.5bn, for an initial payment of £10.0m and an estimated deferred consideration of £9.0m which is subject to performance conditions. The 38 employees of the business will transfer to the Group on completion. This will increase our footprint and advice-led capability in this part of the country.

To support our growth strategy we need to ensure that we have the operational infrastructure to grow. Our new client management system, Client Engage, is expected to go live in the second half of 2019. We have commenced the project to replace our core settlement and custody system. This upgrade will take up to two years to complete and the total project costs will be approximately £35.0m, a mix of internal and external costs. These two initiatives will provide a more efficient platform, reduce the cost of change, improve operational risk management and allow the business to achieve its growth ambitions.

We are expecting to sign an agreement to lease new larger premises in the near future as we are expanding beyond the capacity of our current head office which is leased until February 2026. The new lease will be for 15 years and is expected to commence in August 2021 with relocation to the new premises by July 2022. We expect the net ongoing future running costs of the new office would be similar to staying in our current head office, and it will provide an improved environment for our clients and colleagues. The Group is expecting to recognise a provision in the region of £6m-£10m when the current head office lease becomes onerous, this is likely to be recognised between the lease commencement date and the relocation date.

Results and business performance

Profit before tax and adjusted items of £35.6m was 8.2% lower than the first six months last year (H1 2018: £38.8m). This reflects broadly flat income as a result of volatile markets in the first quarter, followed by a rebound in the second quarter impacting the value of funds, and higher costs as the Group continues to invest in growth initiatives and its infrastructure.

Statutory profit before tax for the period was 12.9% lower than last year at £29.7m (H1 2018: £34.1m), including a one-off £1.9m defined benefit pension scheme past service cost in relation to Guaranteed Minimum Pensions (see note 12). If this is excluded, statutory profit before tax would be 7.3% lower than H1 2018.

	Unaudited six months to 31 March 2019 £'m	Unaudited six months to 31 March 2018 £'m	Change
Income	**162.3**	161.8	0.3%
Fixed staff costs	**(63.2)**	(57.8)	9.3%
Variable staff costs	**(26.6)**	(29.1)	(8.6)%
Other operating costs excluding adjusted[1] items	**(37.8)**	(36.4)	3.8%
Operating profit before adjusted[1,3] items	**34.7**	38.5	(9.9)%
Net finance costs and other gains and losses	**0.9**	0.3	200.0%
Profit before tax and adjusted[1,3] items	**35.6**	38.8	(8.2)%
Adjusted[1,3] items	**(5.9)**	(4.7)	25.5%
Profit before tax	**29.7**	34.1	(12.9)%
Tax	**(6.9)**	(7.5)	(8.0)%
Profit after tax	**22.8**	26.6	(14.3)%
Earnings per share			
Basic earnings per share	**8.3p**	9.7p	(14.4)%
Diluted earnings per share	**8.1p**	9.4p	(13.8)%
Adjusted[2] earnings per share			
Basic earnings per share	**10.2p**	11.3p	(9.7)%
Diluted earnings per share	**9.9p**	10.8p	(8.3)%

1. Adjusted items are amortisation of client relationships - £3.3m (H1 2018: £4.0m), defined benefit pension scheme past service costs - £1.9m (H1 2018: £nil), acquisition costs - £0.5m (H1 2018: £nil), incentivisation awards £0.2m (H1 2018: £0.6m), onerous contracts - £(0.04)m (H1 2018: £0.4m) and FSCS levy refund £nil (H1 2018: £0.3m).
2. See note 8.
3. See Group's 2018 Annual Report and Accounts page 34 for explanation of adjusted profit before tax and why the adjusted measures have been chosen.

Funds

Total funds were £42.4bn at 31 March 2019 (H1 2018: £39.7bn, FY 2018: £42.8bn); driven by continued strong net fund flows of £0.8bn, £0.2bn higher than H2 2018 (H1 2018: £0.9bn) offset by negative investment performance due to mixed market conditions.

Total funds by service category

£'bn	31 March 2018	30 September 2018	**31 March 2019**	Change last 12 months	Change last 6 months
Private clients	18.8	20.4	**20.1**	6.9%	(1.5)%
Charities & corporates	4.4	4.7	**4.7**	6.8%	0.0%
Direct discretionary	23.2	25.1	**24.8**	6.9%	(1.2)%
Intermediaries	8.5	9.5	**9.5**	11.8%	0.0%
MPS	2.6	3.0	**3.2**	23.1%	6.7%
Indirect[1] discretionary	11.1	12.5	**12.7**	14.4%	1.6%
Total discretionary	34.3	37.6	**37.5**	9.3%	(0.3)%
Execution only	3.7	3.9	**3.8**	2.7%	(2.6)%
BPS	0.1	0.1	**0.2**	100.0%	100.0%
Advisory	1.6	1.2	**0.9**	(43.8)%	(25.0)%
Total funds	39.7	42.8	**42.4**	6.8%	(0.9)%
Indices					
MSCI WMA Private Investor Balanced Index	1,527	1,612	**1,587**	3.9%	(1.6)%
FTSE 100	7,057	7,510	**7,279**	3.1%	(3.1)%

1. Intermediary services.

Funds flow by service category[1]

£'bn	30 September 2018	Inflows	Outflows	Internal transfers	Net flows	Annualised growth rate	Investment performance	**31 March 2019**	Change
Private clients	20.4	0.5	(0.2)	(0.1)	0.2	2.0%	(0.5)	**20.1**	(1.5)%
Charities & corporates	4.7	0.1	-	-	0.1	4.3%	(0.1)	**4.7**	0.0%
Direct discretionary	25.1	0.6	(0.2)	(0.1)	0.3	2.4%	(0.6)	**24.8**	(1.2)%
Intermediaries	9.5	0.5	(0.2)	(0.1)	0.2	4.2%	(0.2)	**9.5**	0.0%
MPS	3.0	0.3	-	-	0.3	20.0%	(0.1)	**3.2**	6.7%
Indirect[2] discretionary	12.5	0.8	(0.2)	(0.1)	0.5	8.0%	(0.3)	**12.7**	1.6%
Total discretionary	37.6	1.4	(0.4)	(0.2)	0.8	4.3%	(0.9)	**37.5**	(0.3)%
Execution only	3.9	0.1	(0.3)	0.4	0.2	10.3%	(0.3)	**3.8**	(2.6)%
BPS	0.1	-	-	-	-	0.0%	-	**0.2**	100.0%
Advisory	1.2	-	-	(0.2)	(0.2)	(33.3)%	(0.1)	**0.9**	(25.0)%
Total funds	42.8	1.5	(0.7)	-	0.8	3.7%	(1.3)	**42.4**	(0.9)%

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

Total discretionary funds were £37.5bn (H1 2018: £34.3bn, FY 2018: £37.6bn) with strong net flows of £0.8bn (H1 2018: £1.3bn, H2 2018: £1.0bn) offset by negative investment performance. The annualised growth rate for discretionary funds was 4.3% against our 5.0% target. Net flows during 2018 benefitted from significant transfers from the advisory managed service.

The first six months of the year have seen direct discretionary net new flows of £0.4bn (H1 2018: £0.1bn, H2 2018: £0.1bn); gross inflows were £0.6bn (H1 2018: £0.5bn) as we continued to see the benefits of offering our combined financial planning and investment management proposition and low gross outflows of £0.2bn in the period (H1 2018: £0.4bn).

Indirect discretionary net flows were lower at £0.5bn (H1 2018: £0.9bn, H2 2018: £0.7bn), as continued market uncertainty, resulted in subdued client activity which has impacted intermediaries net flows across the industry.

Execution only funds remain stable at £3.8bn with total net flows offset by investment performance. Advisory funds continue to fall with £0.2bn transferred into other service categories.

Income

Income of £162.3m was marginally higher than H1 2018 (£161.8m) with lower income in the first quarter offset by market recovery and continued positive net flows in the second quarter.

Income is analysed as follows:

	Unaudited six months to 31 March 2019			Unaudited six months to 31 March 2018			Change		
£'m	**Fees**	**Commission**	**Total**	Fees	Commission	Total	Fees	Commission	Total
Private clients	**66.0**	**26.6**	**92.6**	66.0	26.3	92.3	0.0%	1.1%	0.3%
Charities and corporates	**9.6**	**1.3**	**10.9**	9.8	1.5	11.3	(2.0)%	(13.3)%	(3.5)%
Direct discretionary	**75.6**	**27.9**	**103.5**	75.8	27.8	103.6	(0.3)%	0.4%	(0.1)%
Intermediaries	**32.4**	**0.5**	**32.9**	30.5	0.6	31.1	6.2%	(16.7)%	5.8%
MPS	**4.2**	**-**	**4.2**	3.5	-	3.5	20.0%	n/a	20.0%
Indirect discretionary	**36.6**	**0.5**	**37.1**	34.0	0.6	34.6	7.6%	(16.7)%	7.2%
Total discretionary	**112.2**	**28.4**	**140.6**	109.8	28.4	138.2	2.2%	0.0%	1.7%
Financial planning	**n/a**	**n/a**	**12.6**	n/a	n/a	12.2	n/a	n/a	3.3%
Execution only	**2.2**	**3.1**	**5.3**	2.2	3.2	5.4	0.0%	(3.1)%	(1.9)%
BPS	**0.6**	**-**	**0.6**	0.5	-	0.5	20.0%	n/a	20.0%
Advisory	**1.1**	**0.2**	**1.3**	3.1	1.3	4.4	(64.5)%	(84.6)%	(70.5)%
Other income	**n/a**	**n/a**	**1.9**	n/a	n/a	1.1	n/a	n/a	72.7%
Income	**n/a**	**n/a**	**162.3**	n/a	n/a	161.8	n/a	n/a	0.3%

Discretionary income increased by 1.7% to £140.6m (H1 2018: £138.2m), reflecting flat average funds in the six months to 31 March 2019.

Financial planning income grew 3.3% to £12.6m (H1 2018: £12.2m) and has been impacted by market conditions over the period.

Advisory income was lower following the substantial transfer of advisory managed funds into other services in the Group during 2018, particularly discretionary investment management.

Other income rose by £0.8m to £1.9m due to increased interest rates received on client money balances following the Bank of England Base Rate rise in August 2018. The impact of this over the six month period was offset by the decision to resume paying interest to clients on these balances from January 2019.

Costs

Total operating costs before adjusted items were 3.5% higher at £127.6m (H1 2018: £123.3m).

Our total fixed costs have increased by £6.8m to £101.0m (H1 2018: £94.2m). These comprised of £63.2m of fixed staff costs (H1 2018; £57.8m) and £37.8m of other operating costs before adjusted items (H1 2018: £36.4m). The increase in total fixed costs has been driven by growth initiatives and infrastructure projects of £8.6m, £3.3m higher than H1 2018 (£5.3m). The remaining increase reflects higher BAU costs such as salary inflation, recruitment and non-staff costs offset by lower cost of sales from reduced intermediary net inflows compared to H1 2018.

Variable staff costs, in the form of profit share, were 8.6% lower, in line with the fall in operating profit before adjusted items.

Adjusted items of £5.9m (H1 2018: £4.7m) include a one-off expense for past service costs for the defined benefit pension scheme of £1.9m (see note 12) and acquisition related costs of £0.5m. Amortisation of intangible client relationships fell by £0.7m, to £3.3m as previously acquired client relationships reached the end of their amortisation periods.

Post balance sheet events

There have been a number of post balance sheet events. The events included acquisitions and the signing of an agreement with Avaloq UK Limited to replace our core custody and settlement system. See above and note 21 for further details.

Capital

The Group has a strong balance sheet with cash balances at period end of £138.8m (H1 2018: £142.0m). These underpin its strong regulatory capital resources.

Dividend
The Group's dividend policy is to grow dividends in line with adjusted earnings, with a target payout ratio of 60% to 80% of annual adjusted diluted earnings per share. The interim dividend has been maintained at 4.4p per share (2018 interim: 4.4p per share) and will be payable on 14 June 2019 to shareholders on the register at the close of business on 24 May 2019 with an ex-dividend date of 23 May 2019.

Share premium reduction
A capital reduction was approved by shareholders at the Annual General Meeting held on 1 February 2019. This has been reflected in the condensed consolidated interim financial statements (see note 15).

Going concern
As stated in note 2 to the condensed consolidated set of interim financial statements, the Directors believe that the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of possible adverse changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt a going concern basis for the preparation of the condensed consolidated interim financial statements. In forming their view, the Directors have considered the Group's prospects for a period exceeding twelve months from the date the condensed consolidated interim financial statements are approved.

Principal risks and uncertainties
The Directors consider that the nature of the principal risks and uncertainties which may have a material effect on the Group's performance during the remainder of its financial year remain unchanged from those identified on pages 31 and 32 of the Group's 2018 Annual Report and Accounts available on our website www.brewin.co.uk.

Board changes
Siobhan Boylan joined the Group in early February 2019 and was appointed as an Executive Director on 4 March 2019.

Outlook
The Group has had a strong first half and continues to demonstrate good performance. We continue to see positive momentum and are delivering against our strategic priorities. The recent corporate activities have strengthened our position in several key geographic areas. These along with our investments in infrastructure are creating foundations for future growth.

David Nicol
Chief Executive
9 May 2019

Condensed Consolidated Income Statement
for the six months ended 31 March 2019

	Note	**Unaudited six months to 31 March 2019 £'000**	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Revenue	4	**160,432**	160,676	326,226
Other operating income	4	**1,881**	1,081	2,801
Income		**162,313**	161,757	329,027
Staff costs		**(89,882)**	(86,816)	(174,822)
Amortisation of intangible assets – client relationships	10	**(3,299)**	(3,978)	(7,619)
Defined benefit pension scheme past service costs	12	**(1,909)**	–	–
Acquisition costs		**(539)**	–	–
Incentivisation awards		**(170)**	(579)	(1,318)
Onerous contracts		**36**	(374)	(170)
FSCS levy refund		**–**	288	288
Other operating costs		**(37,768)**	(36,433)	(77,506)
Operating expenses		**(133,531)**	(127,892)	(261,147)
Operating profit		**28,782**	33,865	67,880
Finance income	6	**967**	293	903
Other gains and losses	13	**–**	–	(162)
Finance costs	6	**(50)**	(35)	(117)
Profit before tax		**29,699**	34,123	68,504
Tax	7	**(6,942)**	(7,499)	(15,008)
Profit for the period		**22,757**	26,624	53,496
Attributable to:				
Equity holders of the parent		**22,757**	26,624	53,496
		22,757	26,624	53,496
Earnings per share				
Basic	8	**8.3p**	9.7p	19.5p
Diluted	8	**8.1p**	9.4p	18.9p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2019

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Profit for the period	**22,757**	26,624	53,496
Items that will not be reclassified subsequently to profit and loss:			
Actuarial (loss)/gain on defined benefit pension scheme	**(213)**	388	3,765
Deferred tax credit/(charge) on actuarial (loss)/gain on defined benefit pension scheme	**28**	(35)	(577)
	(185)	353	3,188
Items that may be reclassified subsequently to profit and loss:			
Revaluation of available-for-sale investments	**–**	(29)	2
Reversal of revaluation of available-for-sale investments	**–**	–	106
Deferred tax charge/(credit) on revaluation of available-for-sale	**–**	5	(21)
Exchange differences on translation of foreign operations	**(174)**	(31)	35
	(174)	(55)	122
Other comprehensive (expense)/income for the period net of tax	**(359)**	298	3,310
Total comprehensive income for the period	**22,398**	26,922	56,806
Attributable to:			
Equity holders of the parent	**22,398**	26,922	56,806
	22,398	26,922	56,806

Condensed Consolidated Balance Sheet

as at 31 March 2019

	Note	**Unaudited as at 31 March 2019 £'000**	Unaudited as at 31 March 2018 £'000	Unaudited as at 1 October 2018[1] £'000	Audited as at 30 September 2018 £'000
Assets					
Non-current assets					
Intangible assets	10	**88,038**	89,681	85,719	85,719
Property, plant and equipment	11	**9,837**	7,160	8,110	8,110
Other receivables		**–**	200	–	–
Defined benefit pension scheme	12	**10,782**	6,442	11,408	11,408
Net deferred tax asset		**2,710**	4,270	4,141	4,141
Total non-current assets		**111,367**	107,753	109,378	109,378
Current assets					
Trade and other receivables		**251,918**	238,910	171,145	171,145
Financial assets at fair value through other comprehensive income	13	**670**	–	676	–
Available-for-sale investments	13	**–**	701	–	676
Financial assets at fair value through profit or loss	13	**354**	–	356	–
Trading investments	13	**–**	328	–	356
Cash and cash equivalents		**138,809**	141,955	186,222	186,222
Total current assets		**391,751**	381,894	358,399	358,399
Total assets		**503,118**	489,647	467,777	467,777
Liabilities					
Trade and other payables		**227,065**	220,317	176,104	176,104
Current tax liabilities		**4,582**	4,715	5,352	5,352
Provisions	14	**3,311**	4,719	3,424	3,424
Total current liabilities		**234,958**	229,751	184,880	184,880
Net current assets		**156,793**	152,143	173,519	173,519
Non-current liabilities					
Trade and other payables		**976**	719	926	926
Provisions	14	**8,679**	7,954	8,234	8,234
Total non-current liabilities		**9,655**	8,673	9,160	9,160
Total liabilities		**244,613**	238,424	194,040	194,040
Net assets		**258,505**	251,223	273,737	273,737
Equity					
Share capital	15	**2,835**	2,834	2,834	2,834
Share premium account	15	**–**	152,432	152,477	152,477
Own shares		**(25,804)**	(26,948)	(26,060)	(26,060)
Revaluation reserve		**2**	(109)	2	2
Merger reserve		**70,553**	70,553	70,553	70,553
Profit and loss account		**210,919**	52,461	73,931	73,931
Equity attributable to equity holders of the parent		**258,505**	251,223	273,737	273,737

1. Presented following the adoption of IFRS 9 'Financial Instruments' – see notes 3 and 19 for more detail.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 March 2019

	Attributable to the equity holders of the parent						
	Share capital £'000	Share premium account £'000	Own shares £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2017 (audited)	**2,833**	**152,320**	**(25,921)**	**(85)**	**70,553**	**62,876**	**262,576**
Profit for the period	–	–	–	–	–	26,624	26,624
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	–	–	–	5	–	(35)	(30)
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	388	388
Revaluation of available-for-sale investments	–	–	–	(29)	–	–	(29)
Exchange differences on translation of foreign operations	–	–	–	–	–	(31)	(31)
Total comprehensive (expense)/income for the period	–	–	–	(24)	–	26,946	26,922
Dividends	–	–	–	–	–	(29,516)	(29,516)
Issue of share capital	1	112	–	–	–	–	113
Own shares acquired in the period	–	–	(13,422)	–	–	–	(13,422)
Own shares disposed of on exercise of options	–	–	12,395	–	–	(12,395)	–
Share-based payments	–	–	–	–	–	4,279	4,279
Tax on share-based payments	–	–	–	–	–	271	271
At 31 March 2018 (unaudited)	**2,834**	**152,432**	**(26,948)**	**(109)**	**70,553**	**52,461**	**251,223**
Profit for the period	–	–	–	–	–	26,872	26,872
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	–	–	–	(26)	–	(542)	(568)
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	3,377	3,377
Revaluation of available-for-sale investments	–	–	–	137	–	–	137
Exchange differences on translation of foreign operations	–	–	–	–	–	66	66
Total comprehensive income for the period	–	–	–	111	–	29,773	29,884
Dividends	–	–	–	–	–	(12,083)	(12,083)
Issue of share capital	–	45	–	–	–	–	45
Own shares acquired in the period	–	–	(85)	–	–	–	(85)
Own shares disposed of on exercise of options	–	–	973	–	–	(973)	–
Share-based payments	–	–	–	–	–	4,636	4,636
Tax on share-based payments	–	–	–	–	–	117	117
At 30 September 2018 (audited)	**2,834**	**152,477**	**(26,060)**	**2**	**70,553**	**73,931**	**273,737**
Profit for the period	–	–	–	–	–	22,757	22,757
Other comprehensive income for the period							
Deferred and current tax on other comprehensive income	–	–	–	–	–	28	28
Actuarial loss on defined benefit pension scheme	–	–	–	–	–	(213)	(213)
Exchange differences on translation of foreign operations	–	–	–	–	–	(174)	(174)
Total comprehensive income for the period	–	–	–	–	–	22,398	22,398
Dividends	–	–	–	–	–	(33,009)	(33,009)
Issue of share capital	1	38	–	–	–	–	39
Own shares acquired in the period	–	–	(8,803)	–	–	–	(8,803)
Own shares disposed of on exercise of options	–	–	9,059	–	–	(9,059)	–
Share-based payments	–	–	–	–	–	4,337	4,337
Share premium reduction	–	(152,515)	–	–	–	152,515	–
Tax on share-based payments	–	–	–	–	–	(194)	(194)
At 31 March 2019 (unaudited)	**2,835**	**–**	**(25,804)**	**2**	**70,553**	**210,919**	**258,505**

Condensed Consolidated Cash Flow Statement

for the six months ended 31 March 2019

	Note	**Unaudited six months to 31 March 2019 £'000**	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Net cash inflow from operating activities	16	**1,985**	20,126	79,705
Cash flows from investing activities				
Purchase of intangible assets – client relationships		**–**	(121)	(121)
Purchase of intangible assets – software		**(2,576)**	(33)	(1,076)
Purchases of property, plant and equipment		**(2,963)**	(4,874)	(7,081)
Purchase of financial assets at fair value through profit and loss[1]		**–**	(300)	(300)
Acquisition of subsidiary		**(1,944)**	–	–
Proceeds on disposal of investments designated as at fair value through other comprehensive income[1]		**6**	6	6
Net cash used in investing activities		**(7,477)**	(5,322)	(8,572)
Cash flows from financing activities				
Dividends paid to equity shareholders	9	**(33,009)**	(29,516)	(41,599)
Purchase of own shares		**(8,803)**	(13,422)	(13,507)
Proceeds on issue of shares		**39**	113	158
Net cash used in financing activities		**(41,773)**	(42,825)	(54,948)
Net (decrease)/increase in cash and cash equivalents		**(47,265)**	(28,021)	16,185
Cash and cash equivalents at the start of period		**186,222**	169,995	169,995
Effect of foreign exchange rates		**(148)**	(19)	42
Cash and cash equivalents at the end of period		**138,809**	141,955	186,222

1. See note 19 for previous classification under IAS 39.

Notes to the Condensed Consolidated Set of Financial Statements

1. General information

Brewin Dolphin Holdings PLC (the 'Company') is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the London Stock Exchange. The address of its registered office is 12 Smithfield Street, London, EC1A 9BD. This Interim Financial Report of Brewin Dolphin Holdings PLC and its subsidiaries (collectively, the Group) was approved for issue by its directors on 9 May 2019.

A copy of this Interim Financial Report including the Condensed Consolidated Financial Statements for the period ended 31 March 2019 is available at the Company's registered office and on the Company's investor relations website (www.brewin.co.uk).

The comparative information for the period ended 30 September 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated set of financial statements included in this Interim Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'), as adopted by the European Union and the Interim Financial Report has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority.

The condensed consolidated set of financial statements included in this Interim Financial Report for the six months ended 31 March 2019 should be read in conjunction with the annual audited financial statements of Brewin Dolphin Holdings PLC for the year ended 30 September 2018.

The annual financial statements of Brewin Dolphin Holdings PLC are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

(i) Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

(ii) Significant accounting policies and use of estimates and judgements

The same accounting policies, presentation and methods of computation are followed in the condensed consolidated set of financial statements as applied in the Group's latest annual audited financial statements for the year ended 30 September 2018, except for the adoption of new and amended standards as set out in (iii) below.

The preparation of interim condensed consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting judgements and key sources of estimation uncertainty. It also requires the exercise of judgement in applying the Group's accounting policies. There have been no material revisions to the nature and the assumptions used in estimating amounts reported in the annual audited financial statements of Brewin Dolphin Holdings PLC for the year ended 30 September 2018.

(iii) New standards, interpretations and amendments adopted during the current period

During this reporting period the following standards have been applied for the first time:

– IFRS 15 'Revenue from Contracts with Customers'; and

– IFRS 9 'Financial Instruments'.

Both standards were adopted from 1 October 2018 and under the transition methods chosen, comparative information has not been restated, however, the Balance Sheet has been reclassified. Further information and changes to significant accounting policies as a result of the application of these standards for the first time are described below in note 3.

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

(iv) Future significant new standards, amendments and interpretations issued but not effective

IFRS 16 'Leases'

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

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

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

Transition

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

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

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

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

Impact

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

Right of use assets

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

Lease liabilities

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

Impact on Group's Financial Statements

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

Onerous leases

The Group has identified certain property leases as onerous where there is surplus office space. For some of the onerous property leases, it sublets this surplus space and in these instances the Group acts as an intermediate lessor in the sublease. Under IFRS 16, the Group will recognise any sublease income as other operating income whereas, under IAS 37, sublease income is recognised against the onerous lease provision.

Assessment of the accounting impact of IFRS 16

The process of collecting the required data and identification of leases which fall within the scope of the standard is complete. The assessment of the accounting impact of the new standard is ongoing and therefore, it is not yet practicable to provide a reliable estimate of the financial impact on the Group's consolidated results.

However, from the assessment to date, the Directors expect that the implementation of the new standard will have a material impact on the consolidated results of the Group. The Group had non-cancellable operating lease commitments of £74.7 million as at 30 September 2018 (see note 29 to the Group's 2018 Annual Report and Accounts).

3. Changes in significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these condensed consolidated interim financial statements as those applied in the Group's consolidated financial statements for the year ended 30 September 2018, except for the changes described below:

(i) IFRS 15 'Revenue from Contracts with Customers'

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

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

Transition

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

Impact

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

Transaction price

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

Services

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

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

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

See note 4 on income and note 20 covering the revised revenue recognition accounting policy for further information on the performance obligations and timing of revenue recognition.

Contract costs

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

Practical expedients

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

Accounting policy

The revenue recognition accounting policy set out in note 20 will replace the revenue accounting policy (note 3h) as set out in the Group's 2018 Annual Report and Accounts. The accounting policies relating to interest income and dividend income will be retained separately from note 3h of the Group's 2018 Annual Report and Accounts.

(ii) IFRS 9 Financial Instruments

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

Transition

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

Impact

The details of the significant changes are set out below. Details of the quantitative impact of IFRS 9 are provided in note 19.

Classification and measurement

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

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

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

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

Derecognition

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

Impairment of financial assets

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

Expected credit loss impairment model

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

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

Presentation of ECL provision and impairment losses

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

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

4. Income

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

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Discretionary investment management fee income	**112,155**	109,803	223,697
Discretionary investment management commission income	**28,442**	28,414	59,725
Execution only custody fee income	**2,196**	2,170	4,352
Execution only commission income[1]	**3,112**	3,178	6,301
Advisory investment management fee income	**1,122**	3,109	4,752
Advisory investment management commission income[1]	**209**	1,255	1,776
BPS[2] investment management fee income	**559**	535	1,101
Financial planning income	**12,637**	12,212	24,522
Revenue	**160,432**	160,676	326,226
Other operating income	**1,881**	1,081	2,801
Income	**162,313**	161,757	329,027

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

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Services transferred at a point in time	**3,321**	4,433	8,077
Services transferred over time	**157,111**	156,243	318,149
Revenue	**160,432**	160,676	326,226

Contract balances

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

Contract liabilities

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

Unsatisfied performance obligations

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

5. Segmental information

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. Please refer to the Condensed Consolidated Income Statement and the Condensed Consolidated Balance Sheet, for numerical information.

The Group's operations are carried out in the United Kingdom, Channel Islands and the Republic of Ireland. All segmental income related to external clients.

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

6. Finance income and finance costs

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Finance income			
Interest income on defined benefit pension scheme	**142**	67	156
Interest on bank deposits	**825**	226	747
	967	293	903

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Finance costs			
Unwind of discounts on provisions	**48**	25	102
Interest on bank overdrafts	**2**	10	15
	50	35	117

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Current tax			
United Kingdom:			
Charge for the period	**5,979**	5,193	13,074
Adjustments in respect of prior periods	**–**	287	211
Overseas:			
Charge for the period	**121**	151	260
Adjustments in respect of prior periods	**–**	–	–
Total current tax	**6,100**	5,631	13,545
Deferred tax			
United Kingdom:			
Charge for the period	**850**	2,148	1,743
Adjustments in respect of prior periods	**(8)**	(280)	(280)
Total deferred tax	**842**	1,868	1,463
Tax charged to the Income Statement	**6,942**	7,499	15,008

8. Earnings per share

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

	Unaudited six months to 31 March 2019 '000	Unaudited six months to 31 March 2018 '000	Audited year to 30 September 2018 '000
Number of shares			
Basic			
Weighted average number of shares in issue in the period	**274,868**	274,397	274,484
Diluted			
Effect of weighted average number of options outstanding for the period	**6,323**	8,004	8,262
Diluted weighted average number of options and shares for the period	**281,191**	282,401	282,746
Adjusted[1] diluted			
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**3,924**	3,094	2,186
Adjusted[1] diluted weighted average number of options and shares for the period	**285,115**	285,495	284,932

	£'000	£'000	£'000
Earnings attributable to ordinary shareholders			
Profit for the purpose of basic and diluted earnings per share	**22,757**	26,624	53,496
Onerous contracts costs	**(36)**	374	170
Amortisation of intangible assets – client relationships	**3,299**	3,978	7,619
Defined benefit pension scheme past service costs	**1,909**	–	–
Acquisition costs	**539**	–	–
Incentivisation awards	**170**	579	1,318
FSCS levy refund	**–**	(288)	(288)
Other gains and losses	**–**	–	162
less tax effect of above	**(494)**	(381)	(683)
Adjusted basic and diluted profit for the period and attributable earnings	**28,144**	30,886	61,794

Earnings per share			
Basic	**8.3p**	9.7p	19.5p
Diluted	**8.1p**	9.4p	18.9p
Adjusted[2] earnings per share			
Basic	**10.2p**	11.3p	22.5p
Adjusted[1] diluted	**9.9p**	10.8p	21.7p

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

9. Dividends

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Amounts recognised as distributions to equity shareholders in the period:			
2017/18 Final dividend paid 6 February 2019, 12.00p per share (2018: 10.75p per share)	**33,009**	29,516	29,516
Interim dividend paid 15 June 2018, 4.4p per share	**–**	–	12,083
	33,009	29,516	41,599

An interim dividend of 4.4p per share was declared by the Board on 9 May 2019 and has not been included as a liability as at 31 March 2019. This interim dividend will be paid on 14 June 2019 to shareholders on the register at the close of business on 24 May 2019 with an ex-dividend date of 23 May 2019.

10. Intangible assets

	Goodwill £'000	Client relationships £'000	Software £'000	Total £'000
Cost				
At 30 September 2017 (audited)	48,637	133,613	19,085	201,335
Additions	–	329	33	362
Exchange differences	–	(1)	–	(1)
Disposals	–	–	(968)	(968)
At 31 March 2018 (unaudited)	48,637	133,941	18,150	200,728
Additions	–	(4)	1,043	1,039
Exchange differences	–	4	–	4
Disposals	–	–	–	–
At 30 September 2018 (audited)	48,637	133,941	19,193	201,771
Additions	–	3,912	2,576	6,488
Exchange differences	–	(6)	–	(6)
Disposals	–	–	–	–
At 31 March 2019 (unaudited)	**48,637**	**137,847**	**21,769**	**208,253**
Accumulated amortisation and impairment				
At 30 September 2017 (audited)	–	91,757	13,787	105,544
Amortisation charge for the year	–	3,978	2,494	6,472
Exchange differences	–	(1)	–	(1)
Disposals	–	–	(968)	(968)
At 31 March 2018 (unaudited)	–	95,734	15,313	111,047
Amortisation charge for the period	–	3,641	1,361	5,002
Exchange differences	–	3	–	3
Disposals	–	–	–	–
At 30 September 2018 (audited)	–	99,378	16,674	116,052
Amortisation charge for the period	–	3,299	869	4,168
Exchange differences	–	(5)	–	(5)
Disposals	–	–	–	–
At 31 March 2019 (unaudited)	**–**	**102,672**	**17,543**	**120,215**
Net book value				
At 31 March 2019 (unaudited)	**48,637**	**35,175**	**4,226**	**88,038**
At 30 September 2018 (audited)	48,637	34,563	2,519	85,719
At 31 March 2018 (unaudited)	48,637	38,207	2,837	89,681

11. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 30 September 2017 (audited)	13,706	13,394	34,298	61,398
Additions	215	62	4,239	4,516
Exchange differences	(1)	(4)	–	(5)
Disposals	–	(1,300)	(3,813)	(5,113)
At 31 March 2018 (unaudited)	13,920	12,152	34,724	60,796
Additions	1,742	283	215	2,240
Exchange differences	4	12	–	16
Disposals	(379)	(542)	–	(921)
At 30 September 2018 (audited)	15,287	11,905	34,939	62,131
Additions	2,506	157	372	3,035
Exchange differences	(13)	(16)	–	(29)
Disposals	(23)	–	–	(23)
At 31 March 2019 (unaudited)	**17,757**	**12,046**	**35,311**	**65,114**
Accumulated depreciation and impairment				
At 30 September 2017 (audited)	10,832	13,011	33,715	57,558
Charge for the period	432	103	660	1,195
Exchange differences	(1)	(3)	–	(4)
Eliminated on disposal	–	(1,300)	(3,813)	(5,113)
At 31 March 2018 (unaudited)	11,263	11,811	30,562	53,636
Charge for the period	494	116	663	1,273
Exchange differences	3	10	–	13
Eliminated on disposal	(359)	(542)	–	(901)
At 30 September 2018 (audited)	11,401	11,395	31,225	54,021
Charge for the period	496	116	671	1,283
Exchange differences	–	(4)	–	(4)
Eliminated on disposal	(23)	–	–	(23)
At 31 March 2019 (unaudited)	**11,874**	**11,507**	**31,896**	**55,277**
Net book value				
At 31 March 2019 (unaudited)	**5,883**	**539**	**3,415**	**9,837**
At 30 September 2018 (audited)	3,886	510	3,714	8,110
At 31 March 2018 (unaudited)	2,657	341	4,162	7,160

12. Defined benefit pension scheme

The main financial assumptions used in calculating the Group’s defined benefit pension scheme are as follows:

	Unaudited six months to 31 March 2019	Unaudited six months to 31 March 2018	Audited year to 30 September 2018
Discount rate	**2.40%**	2.50%	2.80%
RPI Inflation assumption	**3.30%**	3.20%	3.30%
CPI Inflation assumption	**2.30%**	2.20%	2.30%
Rate of increase in salaries	**3.30%**	3.20%	3.30%
LPI Pension increases	**3.20%**	3.10%	3.20%
Average assumed life expectancies for members on retirement at age 65.			
Retiring today			
Males	**88.0 years**	88.4 years	88.4 years
Females	**89.0 years**	89.5 years	89.5 years
Retiring in 20 years' time			
Males	**89.3 years**	89.7 years	89.7 years
Females	**90.5 years**	91.0 years	91.0 years

The value of the defined benefit pension liability as at 31 March 2019 was estimated in accordance with International Accounting Standard 19 by a qualified independent actuary. The latest full actuarial funding valuation was carried out as at 31 December 2017.

As a result of the High Court ruling in respect of the equalisation of Guaranteed Minimum Pensions (‘GMP’) for Lloyds Banking Group pension schemes, a charge for past service costs of £1,909,000 has been recognised in the Group’s Income Statement for the six months to 31 March 2019.

13. Financial instruments

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

Level 3

	Unaudited as at 31 March 2019 £'000	Unaudited as at 31 March 2018 £'000	Audited as at 30 September 2018 £'000
At start of period	**676**	736	736
Net (loss)/gain from changes in fair value recognised in equity	**–**	(29)	2
Reversal of accumulated fair value losses recognised in equity on impairment	**–**	–	106
Impairment	**–**	–	(162)
Disposals	**(6)**	(6)	(6)
At end of period	**670**	701	676
Equity	**84**	88	90
Asset-backed security	**586**	613	586
Total financial assets at FVTOCI	**670**	701	676

1. See note 19 for previous classification under IAS 39.

The asset-backed security is a USD fixed rate note, due to mature on 23 September 2019.

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

Level 1

	Unaudited as at 31 March 2019 £'000	Unaudited as at 31 March 2018 £'000	Audited as at 30 September 2018 £'000
Listed investments	**354**	328	356
Total financial assets at FVTPL	**354**	328	356

1. See note 19 for previous classification under IAS 39.

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

Fair value measurement recognised on the Balance Sheet

The table below provides an analysis of the fair value measurement of financial instruments which are grouped into Levels 1 to 3 of the fair value hierarchy based on the degree to which the fair value is observable:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 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 inputs which include formal valuation techniques 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[1]

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

	Unaudited fair value as at 31 March 2019 £'000	Unaudited fair value as at 31 March 2018 £'000	Audited fair value as at 30 September 2018 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 1						
Financial assets at FVTPL	**354**	328	356	Quoted bid prices in an active market.	n/a	n/a
Level 3						
Financial assets at FVTOCI – Equity	**53**	56	59	The valuation is based on published monthly NAVs.	Marketability discount up to 30%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI – Equity	**31**	32	31	The valuation is based on the net assets as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.
Financial assets at FVTOCI – Asset-backed securities	**586**	613	586	The valuation is based on the fair value of the loan notes as presented in the most recent audited financial statements of the company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.

1. See note 19 for previous classification under IAS 39.

Sensitivity analysis[1]

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

Financial asset	Assumption	Change in assumption	Impact on valuation
Current assets – financial assets at FVTOCI – Equity	Marketability discount	Increase by 5%	Decrease by £2,400
Current assets – financial assets at FVTOCI – Asset-backed securities	Marketability discount	Increase by 5%	Decrease by £45,100

1. See note 19 for previous classification under IAS 39.

14. Provisions

	Audited as at 30 September 2018 £'000	Additions £'000	Utilisation of provision £'000	Unwinding of discount £'000	Unused amounts reversed £'000	**Unaudited as at 31 March 2019 £'000**	Unaudited as at 31 March 2018 £'000
Sundry claims and associated costs	746	102	(464)	–	(32)	**352**	737
Onerous contracts	4,664	238	(582)	21	(275)	**4,066**	5,641
Social security and levies on share awards	3,455	468	(1,294)	–	(68)	**2,561**	2,867
Acquisition related payments	706	2,137	–	11	–	**2,854**	1,421
Leasehold dilapidations	2,087	140	(33)	17	(54)	**2,157**	2,007
	11,658	3,085	(2,373)	49	(429)	**11,990**	12,673

	Current liability £'000	Non-current liability £'000	Total £'000
Sundry claims and associated costs	352	–	352
Onerous contracts	454	3,612	4,066
Social security and levies on share awards	1,283	1,278	2,561
Acquisition related payments	1,096	1,758	2,854
Leasehold dilapidations	126	2,031	2,157
At 31 March 2019 (unaudited)	**3,311**	**8,679**	**11,990**

The Group recognises a provision for settlements of sundry claims and associated costs. The timing of the settlements is unknown, but it is expected that they will be resolved within 12 months.

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

A provision of £4.1 million (30 September 2018: £4.7 million) has been recognised for surplus office space which the Group may not be able to sublet in the short term. The maximum exposure is approximately £8.7 million as at 31 March 2019 (30 September 2018: £9.8 million) and represents the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts if the assumption regarding future uncommitted sublets is removed and the time value of money is ignored. The longest lease term has 14 years remaining and accounts for £7.1 million of the maximum exposure.

The social security and levies on share awards 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.

The provision recognised for acquisition related payments is in respect of both incentivisation awards and deferred consideration payable for the acquisition of client relationships. The incentivisation award provision is £0.7 million (30 September 2018: £0.5 million) and is payable to employees in relation to the retention and acquisition of funds and is based on the best estimate of the likely future obligation discounted for the time value of money. The deferred consideration provision is £2.2 million (30 September 2018: £0.2m) and is based on the best estimate of the likely future obligation discounted for the time value of money.

The Group has made a provision of £2.2 million (30 September 2018: £2.1 million) for leasehold dilapidations. These costs are expected to arise at the end of the lease. The leases covered by the provision have a maximum remaining term of 14 years.

15. Called up share capital

The following movements in share capital occurred during the period:

	Date	No. of shares	Exercise price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 1 October 2018		283,440,000		2,834	152,477	155,311
Share premium reduction	28 February 2019			–	(152,515)	(152,515)
Issue of options	Various	23,645	131.3p–165.7p	1	38	39
At 31 March 2019 (unaudited)		**283,463,645**		**2,835**	**–**	**2,835**

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

16. Note to the cash flow statement

	Unaudited six months to 31 March 2019 £'000	Unaudited six months to 31 March 2018 £'000	Audited year to 30 September 2018 £'000
Operating profit	**28,782**	33,865	67,880
Adjustments for:			
Depreciation of property, plant and equipment	**1,283**	1,195	2,468
Amortisation of intangible assets – client relationships	**3,299**	3,978	7,619
Amortisation of intangible assets – software	**869**	2,494	3,855
Loss on disposal of fixed assets	**–**	–	20
Defined benefit pension scheme past service costs	**1,909**	–	–
Defined benefit pension scheme cash contributions	**(1,354)**	(1,500)	(3,000)
Share-based payment expense	**4,337**	4,279	8,915
Translation adjustments	**(52)**	(13)	(8)
Interest income	**825**	293	747
Interest expense	**(2)**	(77)	(15)
Operating cash flows before movements in working capital	**39,896**	44,514	88,481
Increase/(decrease)/ in payables and provisions	**49,300**	(23,570)	(68,695)
(Increase)/decrease in receivables and financial assets at FVTPL[1]	**(80,771)**	4,242	72,179
Cash generated by operating activities	**8,425**	25,186	91,965
Tax paid	**(6,440)**	(5,060)	(12,260)
Net cash inflow from operating activities	**1,985**	20,126	79,705

1. See note 19 for previous classification under IAS 39.

17. Business combinations

Acquisition of 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 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.

The fair value of the assets and liabilities recognised as at the date of acquisition were:

	£'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)
Identifiable net assets acquired	4,340
Goodwill	nil

Purchase consideration:

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

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	1,944
	1,944

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. The useful economic life of the client relationships has been determined to be seven years. The fair value of the client relationship intangibles acquired is equivalent to the price of recent investment, as such it is expected that no goodwill will need to be recognised on acquisition.

(i) Acquisition-related costs
Acquisition-related costs amounting to £52,000 have been recognised as an expense in the Income Statement in the current period.

(ii) Deferred consideration
The deferred consideration will comprise two deferred cash consideration payments of £1 million each, on the first and second completion anniversaries. The fair value of the deferred consideration payments has been estimated to be £1,968,000 after calculating the present value of the future cash flows.

(iii) Revenue and profit contribution
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. If the acquisition had occurred on 1 October 2018, consolidated revenue and consolidated profit after tax for the six months to 31 March 2019 would have been £675,000 and £380,000 higher respectively.

Prior period

There were no business combinations in the prior period.

18. Related party transactions

There have been no related party transactions that have taken place during the period that have materially affected the financial position or the performance of the Group. There were also no changes to related party transactions from those disclosed in the Group's 2018 Annual Report and Accounts available via our website www.brewin.co.uk that could have a material effect on the financial position or the performance of the Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed. There were no other transactions with related parties which were not part of the Group during the period, with the exception of remuneration paid to key management personnel.

19. Impact of application of IFRS 9 Financial Instruments

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

The impact of adoption of IFRS 9 on the results for the six months to 31 March 2019 is to decrease the profit before tax by £10,000.

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

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

The application of IFRS 9 has had no impact on the:

- consolidated cash flows of the Group; and
- basic and diluted earnings per share for the Group.

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

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

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

Financial Instrument	IAS 39 Classification	IFRS 9 Classification	IAS 39 carrying amount £'000	IFRS 9 carrying amount £'000	Business Model
Financial Assets					
Held-for-trading investments	FVTPL	FVTPL	356	356	Held-for-trading
Equity securities	Available-for-sale investments	Designated as at FVTOCI	90	90	Other
Asset-backed debt securities	Available-for-sale investments	FVTOCI	586	586	Held to collect & sell
Current loans and receivables	Loans and receivables	Amortised cost	171,145	171,145	Held to collect
Cash and cash equivalents	Loans and receivables	Amortised cost	186,222	186,222	Held to collect

(b) Impairment of financial assets

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

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

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

The expected credit loss allowance at 1 October 2018 was immaterial and has not been recognised against retained earnings. The application of the IFRS 9 impairment requirements has resulted in an expected credit loss allowance of £10,000 in the current reporting period. The expected credit loss allowance is offset against the respective financial asset.

(c) Financial impact of initial application of IFRS 9

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

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

20. Updated accounting policies applicable to this reporting period

(i) Revenue recognition (Note 3h to the Group's 2018 Annual Report and Accounts)

Revenue represents investment management fees, investment management commissions, financial planning income, custody income and execution only 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's 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 rendered within 3 months.

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

For performance obligations satisfied over time the Group measures progress towards complete satisfaction of the performance obligations equally overtime. 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 Managed 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 custody service 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.

(ii) Financial instruments (Note 3q to the Group's 2018 Annual Report and Accounts)
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, plus 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 3p to the Group's 2018 Annual Report and Accounts. The redeemable loan notes are initially measured at fair value plus transaction costs. Subsequently changes in the carrying amount of the redeemable loan notes as a result of both foreign exchange gains and losses and impairment gains or losses are recognised in the Income Statement. The amounts that are recognised in the Income Statement are the same as the amounts that would have been recognised in the Income Statement if the redeemable loan notes had been measured at amortised cost. All other changes in the carrying amount of these redeemable loan notes are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When these redeemable loan notes are derecognised the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the Income Statement.

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

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

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

Dividends on these investments in equity instruments are recognised in the Income Statement when the Group's right to receive the dividends is established in accordance with the Group's revenue policy (see note 3h to the Group's 2018 Annual Report and Accounts), 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 3q to the Group's 2018 Annual Report and Accounts.

(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 life time 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 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 and/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.

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.

(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.

21. Post Balance Sheet events
(i) On 1 April 2019, Brewin Dolphin Limited, the Group's principal operating subsidiary acquired 100% of the ordinary share capital of Mathieson Consulting Limited, a consultancy business, that provides an expert witness report service covering pension valuations. The acquisition will expand the Group's professional service offering and contribute to the delivery of the Group's strategic objectives. The consideration to be recognised for the acquisition is currently expected to be c. £1.4m excluding the value of net assets acquired.

(ii) On 8 April 2019, Brewin Dolphin Limited signed an agreement with Avaloq UK Limited to replace its core custody and settlement system. The contract is for an initial 10-year term and covers installation, ongoing support and maintenance. This contract forms part of an overall programme with costs estimated at circa £35.0m, which will be amortised over 10 years.

(iii) On 26 April 2019, Brewin Dolphin Limited, the Group's principal operating subsidiary, signed a Business Purchase Agreement to acquire the assets and staff of Epoch Wealth Management LLP, an IFA firm based in Bath, for an initial payment of £10.0m and an estimated deferred consideration of £9.0m which is subject to performance conditions. The 38 employees of the business will transfer to the Group on completion. This acquisition expands the Group's footprint and advice-led capability.

(iv) Brewin Dolphin Wealth Management Limited, a subsidiary, based in the Republic of Ireland, entered into a binding sale and purchase agreement on 9 May 2019, to acquire Investec Capital & Investments (Ireland) Limited; the wealth management business of Investec Group in the Republic of Ireland (the "Business"), (together, the "Transaction"). The Transaction is subject to certain regulatory approvals and completion is expected to take place in the second half of the financial year ending 30 September 2019.

The consideration at completion will be €37.15m plus a payment equal to the value of the tangible net assets in the Business on that date. The value of the tangible net assets at completion is expected to be c.€15m, substantially above the current expected standalone regulatory capital requirement of the Business of c.€7m. The net consideration is therefore expected to be c.€44m, after adjusting for surplus capital.

The acquisition builds on the existing business in the Republic of Ireland ("RoI"), to create a top 3 wealth management business in RoI with assets under management and advice in excess of €4.6bn on a pro forma basis as at 31 March 2019.

Cautionary statement

The Interim Management Report (the 'IMR') for the period ended 31 March 2019 has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

a) the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

b) the interim management report includes a fair view of the information required by Disclosure and Transparency Rules ('DTR') 4.2.7 R (indication of important events during the period ended 31 March 2018 and their impact on the condensed consolidated set of financial statements; and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair view of the information required by DTR 4.2.8R (disclosures of related parties' transactions and changes therein).

By order of the Board

David Nicol	**Siobhan Boylan**
Chief Executive	Finance Director
9 May 2019	9 May 2019

Independent Review Report to Brewin Dolphin Holdings PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six-months ended 31 March 2019 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six-months ended 31 March 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
9 May 2019