Financial Statements

Contents

Consolidated Income Statement
Year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Continuing operations			
Revenue	5	**303,896**	280,484
Other operating income	5	**568**	1,866
Income		**304,464**	282,350
Staff costs	7	**(162,689)**	(152,175)
Redundancy costs	7	**(742)**	(2,780)
Onerous contracts		**(1,969)**	(311)
Amortisation of intangible assets – client relationships	14	**(6,650)**	(6,287)
One-off migration costs		**–**	(1,596)
Acquisition costs	27	**(1,683)**	–
Incentivisation awards		**(1,297)**	–
Other operating costs		**(71,766)**	(69,458)
Operating expenses		**(246,796)**	(232,607)
Operating profit		**57,668**	49,743
Finance income	9	**161**	514
Other gains and losses		**2**	(3)
Finance costs	9	**(188)**	(192)
Profit before tax		**57,643**	50,062
Tax	10	**(12,490)**	(11,095)
Profit for the year from continuing operations		**45,153**	38,967
Discontinued operations			
Profit for the year from discontinued operations	11	**–**	11,395
Profit for the year		**45,153**	50,362
Attributable to:			
Equity holders of the parent		**45,153**	50,362
		45,153	50,362
Earnings per share			
From continuing operations			
Basic	13	**16.5p**	14.4p
Diluted	13	**16.0p**	13.9p
From continuing and discontinued operations			
Basic	13	**16.5p**	18.6p
Diluted	13	**16.0p**	17.9p

Consolidated Statement of Comprehensive Income
Year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Profit for the year		**45,153**	50,362
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain/(loss) on defined benefit pension scheme	18	**8,558**	(7,031)
Deferred tax (charge)/credit on actuarial gain/(loss) on defined benefit pension scheme	19	**(1,383)**	1,109
		7,175	(5,922)
Items that may be reclassified subsequently to profit and loss:			
Revaluation of available-for-sale investments	20	**(75)**	(30)
Deferred tax credit on revaluation of available-for-sale investments	19	**14**	6
Exchange differences on translation of foreign operations		**92**	559
		31	535
Other comprehensive income/(expense) for the year net of tax		**7,206**	(5,387)
Total comprehensive income for the year		**52,359**	44,975
Attributable to:			
Equity holders of the parent		**52,359**	44,975
		52,359	44,975

Consolidated Balance Sheet

As at 30 September 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Intangible assets	14	**95,791**	81,053
Property, plant and equipment	15	**3,840**	4,822
Other receivables	17	**200**	307
Defined benefit pension scheme	18	**4,487**	–
Net deferred tax asset	19	**6,743**	7,799
Total non-current assets		**111,061**	93,981
Current assets			
Available-for-sale investments	20	**736**	833
Trading investments	20	**36**	1,093
Trade and other receivables	17	**243,144**	218,118
Cash and cash equivalents	21	**169,995**	170,766
Total current assets		**413,911**	390,810
Total assets		**524,972**	484,791
Liabilities			
Current liabilities			
Trade and other payables	22	**245,309**	221,945
Current tax liabilities		**4,993**	3,388
Provisions	23	**3,755**	3,097
Total current liabilities		**254,057**	228,430
Net current assets		**159,854**	162,380
Non-current liabilities			
Defined benefit pension scheme	18	**–**	6,952
Provisions	23	**8,339**	6,600
Total non-current liabilities		**8,339**	13,552
Total liabilities		**262,396**	241,982
Net assets		**262,576**	242,809
Equity			
Share capital	24	**2,833**	2,830
Share premium account	24	**152,320**	151,836
Own shares	25	**(25,921)**	(29,294)
Revaluation reserve	26	**(85)**	(24)
Merger reserve	26	**70,553**	70,553
Profit and loss account		**62,876**	46,908
Equity attributable to equity holders of the parent		**262,576**	242,809

Approved by the Board of Directors and authorised for issue on 28 November 2017.

Signed on its behalf by

David Nicol
Chief Executive

Andrew Westenberger
Finance Director

Consolidated Statement of Changes in Equity

Year ended 30 September 2017

	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 2015	2,793	142,135	(28,153)	–	70,553	31,823	219,151
Profit for the year	–	–	–	–	–	50,362	50,362
Other comprehensive income for the year							
Deferred and current tax on other comprehensive income	–	–	–	6	–	1,109	1,115
Actuarial loss on defined benefit pension scheme	–	–	–	–	–	(7,031)	(7,031)
Revaluation of available-for-sale investments	–	–	–	(30)	–	–	(30)
Exchange differences on translation of foreign operations	–	–	–	–	–	559	559
Total comprehensive (expense)/income for the year	–	–	–	(24)	–	44,999	44,975
Dividends	–	–	–	–	–	(32,818)	(32,818)
Issue of share capital	37	9,701	–	–	–	–	9,738
Own shares acquired in the year	–	–	(7,220)	–	–	–	(7,220)
Own shares disposed of on exercise of options	–	–	5,853	–	–	(5,853)	–
Own shares disposed of	–	–	226	–	–	84	310
Share-based payments	–	–	–	–	–	8,387	8,387
Tax on share-based payments	–	–	–	–	–	286	286
At 30 September 2016	**2,830**	**151,836**	**(29,294)**	**(24)**	**70,553**	**46,908**	**242,809**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**45,153**	**45,153**
Other comprehensive income for the year							
Deferred and current tax on other comprehensive income	**–**	**–**	**–**	**14**	**–**	**(1,383)**	**(1,369)**
Actuarial gain on defined benefit pension scheme	**–**	**–**	**–**	**–**	**–**	**8,558**	**8,558**
Revaluation of available-for-sale investments	**–**	**–**	**–**	**(75)**	**–**	**–**	**(75)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**92**	**92**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(61)**	**–**	**52,420**	**52,359**
Dividends	**–**	**–**	**–**	**–**	**–**	**(36,614)**	**(36,614)**
Issue of share capital	**3**	**484**	**–**	**–**	**–**	**–**	**487**
Own shares acquired in the year	**–**	**–**	**(5,807)**	**–**	**–**	**–**	**(5,807)**
Own shares disposed of on exercise of options	**–**	**–**	**9,180**	**–**	**–**	**(9,180)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**8,052**	**8,052**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**1,290**	**1,290**
At 30 September 2017	**2,833**	**152,320**	**(25,921)**	**(85)**	**70,553**	**62,876**	**262,576**

Company Balance Sheet

As at 30 September 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Investment in subsidiaries	16	**192,020**	191,429
Other receivables	17	**–**	50
Total non-current assets		**192,020**	191,479
Current assets			
Trade and other receivables	17	**53,802**	46,151
Cash and cash equivalents	21	**433**	686
Total current assets		**54,235**	46,837
Total assets		**246,255**	238,316
Liabilities			
Current liabilities			
Trade and other payables	22	**10,700**	12,313
Total current liabilities		**10,700**	12,313
Net current assets		**43,535**	34,524
Total liabilities		**10,700**	12,313
Net assets		**235,555**	226,003
Equity			
Share capital	24	**2,833**	2,830
Share premium account	24	**152,320**	151,836
Own shares	25	**(25,921)**	(29,294)
Merger reserve	26	**70,838**	70,838
Profit and loss account	26	**35,485**	29,793
Equity attributable to equity holders		**235,555**	226,003

Approved by the Board of Directors and authorised for issue on 28 November 2017.

Signed on its behalf by

David Nicol
Chief Executive

Andrew Westenberger
Finance Director

Brewin Dolphin Holdings PLC
Company Number: 02685806

Company Statement of Changes in Equity
Year ended 30 September 2017

	Attributable to the equity holders of the Company					
	Share capital £'000	Share premium account £'000	Own shares £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2015	2,793	142,135	(28,153)	70,838	30,109	217,722
Profit for the year	–	–	–	–	29,884	29,884
Total comprehensive income for the year	–	–	–	–	29,884	29,884
Dividends	–	–	–	–	(32,818)	(32,818)
Issue of share capital	37	9,701	–	–	–	9,738
Own shares acquired in the year	–	–	(7,220)	–	–	(7,220)
Own shares disposed of on exercise of options	–	–	5,853	–	(5,853)	–
Own shares disposed of	–	–	226	–	84	310
Share-based payments	–	–	–	–	8,387	8,387
At 30 September 2016	**2,830**	**151,836**	**(29,294)**	**70,838**	**29,793**	**226,003**
Profit for the year	**–**	**–**	**–**	**–**	**43,434**	**43,434**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**43,434**	**43,434**
Dividends	**–**	**–**	**–**	**–**	**(36,614)**	**(36,614)**
Issue of share capital	**3**	**484**	**–**	**–**	**–**	**487**
Own shares acquired in the year	**–**	**–**	**(5,807)**	**–**	**–**	**(5,807)**
Own shares disposed of on exercise of options	**–**	**–**	**9,180**	**–**	**(9,180)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**8,052**	**8,052**
At 30 September 2017	**2,833**	**152,320**	**(25,921)**	**70,838**	**35,485**	**235,555**

Consolidated Cash Flow Statement

Year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Net cash inflow from operating activities	32	**67,463**	52,033
Cash flows from investing activities			
Purchase of intangible assets – software		**(1,437)**	(5,238)
Purchases of property, plant and equipment		**(589)**	(373)
Purchase of available-for-sale investments		**(18)**	(770)
Acquisition of subsidiary	27	**(25,500)**	–
Proceeds on disposal of discontinued operation	11	**–**	14,000
Proceeds on disposal of trading investments		**1,149**	–
Proceeds on disposal of available-for-sale investments		**42**	47
Net cash (used in)/from investing activities		**(26,353)**	7,666
Cash flows from financing activities			
Dividends paid to equity shareholders	12	**(36,614)**	(32,818)
Purchase of own shares	25	**(5,807)**	(7,220)
Disposal of own shares		**–**	310
Proceeds on issue of shares		**487**	433
Net cash used in financing activities		**(41,934)**	(39,295)
Net (decrease)/increase in cash and cash equivalents		**(824)**	20,404
Cash and cash equivalents at 1 October		**170,766**	149,823
Effect of foreign exchange rates		**53**	539
Cash and cash equivalents at 30 September	21	**169,995**	170,766

Company Cash Flow Statement

Year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Net cash inflow from operating activities	32	**35,874**	32,502
Cash flows from financing activities			
Dividends paid to equity shareholders	12	**(36,614)**	(32,818)
Disposal of own shares		**–**	310
Proceeds on issue of shares		**487**	433
Net cash used in financing activities		**(36,127)**	(32,075)
Net (decrease)/increase in cash and cash equivalents		**(253)**	427
Cash and cash equivalents at 1 October		**686**	259
Cash and cash equivalents at 30 September	21	**433**	686

1. General information

The consolidated financial statements of Brewin Dolphin Holdings PLC (the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended 30 September 2017 were authorised for issue by the Directors on 28 November 2017.

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

The Company is registered in England and Wales. The address of the registered office is 12 Smithfield Street, London EC1A 9BD. The separate financial statements of the Company are also reported.

Note 16 identifies the subsidiaries that have taken advantage under s479A of the Companies Act 2006, of the exemption from audit.

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

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

a. New standards, amendments and interpretations adopted

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

b. Changes in accounting policies

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

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

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

		Effective for period beginning on or after 1 January
IAS 7[1]	Amendments to Disclosure Initiative	2017
IAS 12[1]	Amendments to Recognition of Deferred Tax Assets for Unrealised Losses	2017
IFRS 2[1]	Amendments to Classification and Measurement of Share-based Payment Transactions	2018
IFRS 4[1]	Amendments to Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	2018
IFRS 9 (2014)	Financial Instruments	2018
IFRS 15	Revenue from Contracts with Customers	2018
IFRS 15[1]	Clarifications to Revenue from Contracts with Customers	2018
IFRIC 22[1]	Foreign Currency Transactions and Advance Consideration	2018
IAS 40[1]	Amendments to Transfers of Investment Property	2018
IFRS 16[1]	Leases	2019
IFRIC 23[1]	Uncertainty over Income Tax Treatments	2019
IFRS 17[1]	Insurance Contracts	2021
Annual Improvements to IFRS[1]	2014–2016 Cycle: Makes amendments to the following standards: IFRS 1, IFRS 12 and IAS 28.	2018 (IFRS 1 and IAS 28) and 2017 (IFRS 12)

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

The Directors are reviewing the impact of these new standards, amendments and interpretations and do not intend to adopt the standards early. It is not currently expected that these will have a material impact except for IFRS 16 'Leases'.

IFRS 16 'Leases'

IFRS 16 was issued in January 2016 and is effective for periods beginning on or after 1 January 2019 (the standard is yet to be endorsed by the EU). The Group does not intend to adopt the standard early. Therefore, it will first be applicable to the Group's accounting period ending 30 September 2020.

The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model that replaces the current model where leases are either recognised as a finance or operating lease.

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

Accounting requirements for lessors are substantially unchanged from IAS 17 'Leases'.

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.

A practical expedient exists that allows an entity not to reassess whether a contract is, or contains, a lease at the date of initial application of the standard.

Impact

The Group is primarily a lessee and is also a sub-lessor for a small number of property leases that have been identified as onerous.

On adoption, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. The right of use asset will be depreciated over the shorter of the expected life of the asset and the lease term on a straight-line basis and recognised in the Income Statement. The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term. Interest recognised on the lease liability will be charged to the Income Statement.

The depreciation and interest charges will replace the lease costs currently charged to the Income Statement on a straight line basis. This will result in a change to the profile of the charge taken to the Income Statement over the life of the lease; higher expenses are 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.

An assessment of the impact of the new standard is currently being undertaken and work being performed includes an assessment of the accounting impacts of the change, the process of collecting the required data, identification of leases within the Group which fall within the scope of the standard and the necessary changes to systems and processes.

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 implementation of the new standard will have a material impact on the consolidated results of the Group. The Group has non-cancellable operating lease commitments of £58.7 million, see note 30.

It is likely that the Group will adopt the modified retrospective transition approach and take advantage of the practical expedient as detailed above.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 is effective for periods commencing on or after 1 January 2018. The standard was endorsed by the EU during 2016 and supersedes existing revenue recognition standards, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group does not intend to adopt the standard early; therefore, it will first be applicable to the Group's accounting period ending 30 September 2019.

The new standard establishes a principle based five step model to be applied to all contracts with customers, except for insurance contracts, financial instruments and lease contracts.

The Group will be required to identify all contracts it has with customers in order to determine whether, how much and when revenue is recognised. The Group is in the process of quantifying the potential impact of adopting the standard, based on its existing revenue streams.

The Group has conducted a preliminary assessment of the potential impact of the new standard; it is not currently expected to have a material financial impact on the amount and timing of revenue recognised under IFRS 15 in the Group financial statements, however it may result in changes to presentation and disclosure.

IFRS 9 'Financial Instruments'

IFRS 9 is effective for periods commencing on or after 1 January 2018. The standard was endorsed by the EU during 2016. The Group does not intend to adopt this standard early, therefore, it will first be applicable to the Group's accounting period ending 30 September 2019.

IFRS 9 changes the classification and measurement of financial instruments, the timing and extent of credit provisioning, new hedge accounting requirements and enhanced disclosures in the financial statements. The Group does not use hedge accounting and so this element of the new standard is not applicable.

The Group has conducted a preliminary assessment of the potential impact of the new standard; it is not currently expected to have a material financial impact on the Group financial statements. However, the adoption of the standard will result in both the reclassification of certain financial assets and changes to disclosure.

3. Significant accounting policies

a. Statement of compliance

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

b. Basis of preparation

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

d. Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the going concern statement and the Viability Statement included in the Strategic Report on page 37.

e. Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred the excess is recognised immediately in the Income Statement as a bargain purchase gain.

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

f. Transaction date accounting

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

g. Foreign currencies

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

Exchange differences are recognised in the Income Statement in the period in which they arise.

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

h. Revenue recognition

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

Investment management and financial planning income

Investment management fees and financial planning income are recognised in the period in which the related service is provided and commissions are recognised when the transaction is performed.

Interest income

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

Dividend income

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

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

i. Other operating income

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

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank overdrafts.

k. Leases

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

l. Share-based payments

Equity-settled share-based payments to employees are measured at fair value of the equity instruments at the date of grant. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity–settled share-based transactions are set out in note 29.

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

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

3. Significant accounting policies (continued)

m. Taxation

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

Current tax

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

Deferred tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been substantively enacted at the balance sheet date.

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

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

Current and deferred tax for the year

Current and deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the current and deferred tax is also dealt with in other comprehensive income.

n. Investments in subsidiaries

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

o. Intangible assets

i) Goodwill

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

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

When the consideration transferred by the Group is deferred or contingent, this is valued at its acquisition date fair value, and is included in the consideration transferred in a business combination. Changes in the deferred or contingent consideration, which occur in the measurement period, are adjusted retrospectively, with corresponding adjustments to goodwill. Subsequent to the measurement period, the deferred and contingent considerations are revised annually at the balance sheet date and any corresponding adjustments are posted to the Income Statement.

ii) Client relationships

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

When separate payments are made to acquire funds by adding teams of investment managers, elements of the total consideration may be deferred or contingent. In such cases the cost of the recognised client relationships includes the Company's best estimate of the future consideration likely to be made, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and is revised at each balance sheet date.

Client relationships are amortised over seven to fifteen years, dependent upon the assessment of the estimated useful life of the client relationships.

iii) Computer software

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

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

p. Property, plant and equipment

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

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

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

q. Fair value measurement

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

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

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

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

3. Significant accounting policies (continued)

r. Financial instruments

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

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

i) Financial assets

Financial assets are classified into the following specified categories:

– financial assets at fair value through profit or loss ('FVTPL');

– available-for-sale financial assets; and

– loans and receivables.

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

Financial assets at FVTPL

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

Financial assets classified as FVTPL are stated at fair value, with any resultant gain or loss on remeasurement recognised in the Income Statement. The net gain or loss recognised in the Income Statement incorporates any dividends or interest earned on the financial asset and is included in the Income Statement. Their value is determined in the manner described in note 3(q).

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

Certain assets held by the Group are classified as being available-for-sale and are stated at fair value. Unlisted shares that are not traded in an active market are stated at fair value where the directors consider that fair value can be reliably measured. Fair value is determined in the manner described in note 3(q). Gains and losses are recognised directly in other comprehensive income and accumulated in the revaluation reserve with the exception of permanent impairment losses which are recognised directly in the Income Statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is reclassified to the Income Statement.

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

Loans and receivables

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

Impairment of financial assets

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

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

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

ii) Financial liabilities and equity

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

Equity instruments

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

Financial liabilities at FVTPL

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

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

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

s. Netting of balances

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

t. Post-retirement benefits

i) Costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

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

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and net-interest expense or income is recognised within finance costs (see note 9).

ii) Defined benefit pension scheme asset/liability

The defined benefit pension scheme asset/liability recognised in the Balance Sheet represents the present value of the defined benefit pension scheme obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Any asset recognised is only recognised to the extent that the Group is able, without condition or restriction placed on it by the trustees, to run the Scheme until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies.

u. Impairment of tangible and intangible assets

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

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

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

3. Significant accounting policies (continued)

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

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

v. Provisions

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

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

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

Onerous contracts

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

w. Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed of or is classified as held for sale.

Components of the Group are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the component is available for immediate sale in its present condition.

x. Employee share ownership trusts

Brewin Dolphin Limited is the sponsoring employer of the Brewin Dolphin Share Incentive Plan Trust and the Brewin Dolphin Holdings PLC Employee Share Ownership Trust. The assets and liabilities of the trusts are recognised as those of Brewin Dolphin Holdings PLC and obligations of the trusts are regarded as obligations of Brewin Dolphin Holdings PLC. Shares of Brewin Dolphin Holdings PLC held by the trusts are treated as own shares held and shown as a deduction in equity.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

i. Business combinations

The Group applies judgement in determining whether a transaction is a business combination, which includes consideration as to whether the Group has acquired a business or a group of assets.

In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business in IFRS 3.

On 10 May 2017, the Group's principal operating subsidiary (Brewin Dolphin Limited) acquired 100% of the ordinary share capital of Duncan Lawrie Asset Management Limited ('DLAM'). It has been judged that the acquisition should be accounted for as a business combination given control of a separate legal entity was acquired and all of the value of the business was transferred.

See note 27 for additional information.

b. Key sources of estimation uncertainty

i. Business combinations

As part of any business combination the Group recognises all assets acquired and liabilities assumed at their acquisition date fair values, including any separately identifiable intangibles assets such as the client relationship intangibles recognised as part of the DLAM acquisition (as set out in note 4.a.i. above).

The value attributed to the client relationships affects the amount of goodwill recognised, this value together with the assessment of useful economic lives determines future amortisation charges.

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

The Group has recognised client relationship intangibles of £25,500,000 (see note 14 and 27), arising from the DLAM business' relationship with its clients.

If the fair value of the assets acquired moved by 10% then the value of the client relationship intangibles acquired would decrease/ increase by £2,500,000 resulting in the recognition of either goodwill or a gain on bargain purchase.

ii. Goodwill and client relationships

Amortisation of client relationships

The useful economic life over which client relationships are amortised is determined by the expected duration of the client relationships which are determined with reference to past experience of account closures, in particular the average life of those relationships, and future expectations. During the year, client relationships were amortised over a 7 to 15 year period.

The amortisation for the year was £6,650,000 (2016: £6,287,000). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £2,154,000 (2016: £2,144,000).

Impairment of goodwill and client relationships

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

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

Therefore, the recoverable amount is sensitive to movements in the valuation of funds. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 14.

Note 3.u explains the accounting policy with respect to the impairment of intangible assets.

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

iii. Defined benefit pension scheme

The calculation of the present value of the defined benefit pension scheme is determined by using actuarial valuations. Management make key assumptions in determining the inputs into the actuarial valuations, which may differ from actual developments in the future. These assumptions are governed by IAS 19 Employee Benefits, and include the determination of the discount rate, life expectancies, inflation rates and future salary increases. Due to the complexities in the valuation, the defined benefit pension scheme obligation is highly sensitive to changes in these assumptions. The detailed assumptions, including a sensitivity analysis, are set out in note 18.

During the year, the defined benefit pension scheme has moved from a deficit of £6,952,000 to a surplus of £4,487,000. See note 18 page 112 'Defined benefit pension scheme asset recognition basis' for further detail.

iv. Share-based payments

Long Term Incentive Plan ('LTIP')

The Group grants awards under the LTIP. The scheme includes performance based vesting conditions, which impacts the amount of benefit paid. The Group has made assumptions on the likelihood of meeting the performance conditions in determining the expense in the year. The LTIP charge for the year was £795,000 (2016: £337,000).

If all of the performance conditions were assumed to be met; the charge for the year would increase by £637,000 (2016: £1,692,000); an absolute increase of 10% in the vesting assumptions would increase the charge for the year by £225,000 (2016: £300,000).

Further information on the scheme is disclosed in note 29.

v. Provisions

Onerous leases

The Group recognises a provision for several onerous property leases of £5,367,000 (2016: £4,135,000). The valuation of an onerous lease is based on the best estimate of the likely future costs discounted to present value. Where the provision is in relation to premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation. The ultimate amount of the provision is dependent on the timing of any sublet and the associated terms of the sublet achieved.

If the assumptions regarding unconfirmed sublet income are removed, the provision would increase by £7,958,000 (2016: £6,355,000) to £12,094,000 (2016: £10,490,000). A delay of one year to the assumed sublets would increase the onerous lease provision and Income Statement expense for the year by £973,000. Further information is disclosed in note 23.

5. Income

Group

	2017 £'000	2016 £'000
Continuing operations		
Investment management fee income	**217,138**	190,533
Investment management commission income	**65,969**	70,999
Financial planning income	**20,789**	17,483
Trail income	**–**	1,469
Revenue	**303,896**	280,484
Other operating income	**568**	1,866
Income from continuing operations	**304,464**	282,350
Discontinued operations (note 11)		
Commission income	**–**	2,946
Trail income	**–**	93
Fee income	**–**	310
Revenue	**–**	3,349
Other operating income	**–**	30
Income from discontinued operations	**–**	3,379
Income from continuing and discontinued operations	**304,464**	285,729

6. Segmental information

Group

For management reporting purposes the Group currently has a single operating segment: the Investment Management division. This forms the reportable segment of the Group for the year. Please refer to the Consolidated Income Statement on page 82 and the Consolidated Balance Sheet on page 84 for numerical information.

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

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

7. Staff costs

Group

	2017 No.	2016 No.
The average monthly number of employees (including Executive Directors) by category was:		
Client-facing	**882**	892
Business support	**812**	851
	1,694	1,743

	Continuing operations		Discontinued operations		Total	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
The aggregate remuneration (including Executive Directors) comprised:						
Wages and salaries	**126,763**	120,085	**–**	171	**126,763**	120,256
Social security costs	**15,971**	13,927	**–**	14	**15,971**	13,941
Share-based payments	**8,052**	8,387	**–**	–	**8,052**	8,387
Apprenticeship levy	**417**	–	**–**	–	**417**	–
Termination benefits – redundancy costs	**1,662**	2,780	**–**	–	**1,662**	2,780
Defined contribution scheme and death in service contributions	**10,566**	9,776	**–**	18	**10,566**	9,794
	163,431	154,955	**–**	203	**163,431**	155,158
Staff costs	**162,689**	152,175	**–**	203	**162,689**	152,378
Redundancy costs	**742**	2,780	**–**	–	**742**	2,780
	163,431	154,955	**–**	203	**163,431**	155,158

Company

The Company does not have any employees (2016: none).

8. Profit for the year

Group

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

	Continuing operations		Discontinued operations		Total	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Net foreign exchange losses/(gains)	**66**	(65)	**–**	–	**66**	(65)
Depreciation of property, plant and equipment (note 15)	**1,917**	2,773	**–**	732	**1,917**	3,505
Amortisation of intangible assets – client relationships (note 14)	**6,650**	6,287	**–**	–	**6,650**	6,287
Amortisation of intangible assets – software (note 14)	**5,200**	3,741	**–**	700	**5,200**	4,441
Impairment of property, plant and equipment (note 11 and 15)	**–**	–	**–**	335	**–**	335
Impairment of intangible assets – software (note 11 and 14)	**–**	–	**–**	345	**–**	345
Impairment/(reversal of impairment) of trade receivables (note 17)	**16**	(58)	**–**	–	**16**	(58)
Auditor's remuneration (see analysis below)	**762**	534	**–**	–	**762**	534

Analysis of auditor's remuneration:

	2017 £'000	2016 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**64**	64
Fees payable to the Company's auditor and their associates for other services to the Group: the audit of the Company's subsidiaries pursuant to legislation	**277**	245
Fees payable to the Company's auditor for audit scope changes	**50**	–
Regulatory assurance work	**158**	106
Additional fees for regulatory assurance work	**50**	–
	599	415
Other services		
AAF 01/06 – controls assurance report	**71**	69
Interim review	**52**	50
Other assurance services	**40**	–
	762	534

Details of the Group's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report on page 54.

9. Finance income and finance costs

Group

	Continuing operations		Discontinued operations		Total	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Finance income						
Interest on bank deposits	**161**	514	**–**	–	**161**	514
	161	514	**–**	–	**161**	514
Finance costs						
Interest expense on defined benefit pension scheme	**119**	52	**–**	–	**119**	52
Unwind of discounts on provisions	**58**	75	**–**	134	**58**	209
Interest on bank overdrafts	**11**	65	**–**	–	**11**	65
	188	192	**–**	134	**188**	326

10. Income tax expense

Group

	Continuing operations		Discontinued operations		Total	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Current tax						
United Kingdom:						
Charge for the year	**11,594**	8,806	**–**	1,355	**11,594**	10,161
Adjustments in respect of prior years	**(157)**	237	**–**	(395)	**(157)**	(158)
Overseas:						
Charge/(credit) for the year	**309**	(8)	**–**	–	**309**	(8)
Adjustments in respect of prior years	**(8)**	35	**–**	–	**(8)**	35
Total current tax	**11,738**	9,070	**–**	960	**11,738**	10,030
Deferred tax						
United Kingdom:						
Charge for the year	**705**	2,310	**–**	1,675	**705**	3,985
Adjustments in respect of prior years	**47**	(285)	**–**	–	**47**	(285)
Total deferred tax (see note 19)	**752**	2,025	**–**	1,675	**752**	3,700
Tax charged to the Income Statement	**12,490**	11,095	**–**	2,635	**12,490**	13,730

United Kingdom corporation tax is calculated at 19.5% (2016: 20%) of the estimated taxable profit for the year. The Finance Act 2015 applied a 20% rate up to 31 March 2017 and Finance (No.2) Act 2015 reduced the rate applicable thereafter to 19%. The Finance Act 2016 reduces the rate still further from 1 April 2020 to 17%.

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

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

	2017 £'000	2016 £'000
Profit before tax on continuing operations	**57,643**	50,062
Tax at the UK corporation tax rate of 19.5% (2016: 20%)	**11,240**	10,012
Tax effect of:		
Expenses that are not deductible in determining taxable profit	**1,419**	521
Impact of defined benefit scheme contributions	**(23)**	(99)
Leasehold property	**197**	251
Share-based payments	**(162)**	241
Over provision for tax in previous years	**(118)**	(13)
Lower rates in subsidiaries	**(154)**	32
Impact of deferred tax rate change	**91**	150
Tax expense for the year	**12,490**	11,095
Effective tax rate for the year	**21.7%**	22.2%

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

11. Discontinued operations

Group

The results of the discontinued operation included in the Group's Consolidated Income Statement, were as follows:

	2017 £'000	2016 £'000
Revenue	–	3,379
Expenses	–	(3,339)
Operating profit	–	40
Costs of separation	–	(10)
Profit before tax	–	30
Attributable tax expense	–	(43)
Loss after tax	–	(13)
Profit on disposal of discontinued operations	–	14,000
Attributable tax expense	–	(2,592)
Net profit attributable to discontinued operations	–	11,395

Costs of separation consist of the following items:

	2017 £'000	2016 £'000
Impairment		
Intangible asset – see note 14	–	(345)
Tangible asset – see note 15	–	(335)
Onerous contract release	–	680
Other	–	(10)
Total costs of separation	–	(10)

The discontinued operation contributed the following cash flows included within the Consolidated Cash Flow Statement:

	2017 £'000	2016 £'000
Net cash outflows from operating activities	**(172)**	(8,206)
Net cash inflows from investing activities	–	14,000
Net (decrease)/increase in cash and cash equivalents	**(172)**	5,794

12. Dividends

Group and Company

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity shareholders in the year:		
2015/2016 Final dividend paid 10 March 2017, 9.15p per share (2016: 8.25p per share)	**24,996**	22,374
2016/2017 Interim dividend paid 16 June 2017, 4.25p per share (2016: 3.85p per share)	**11,618**	10,444
	36,614	32,818
Proposed final dividend for the year ended 30 September 2017 of 10.75p (2016: 9.15p) per share based on shares in issue at 23 November 2017 (2016: 24 November 2016)	**29,430**	24,865

The proposed final dividend for the year ended 30 September 2017 of 10.75p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under an arrangement dated 1 April 2011, Computershare Trustees (Jersey) Limited (the ‘Trustee’), holds 9,817,002 Ordinary Shares representing 3.5% of the Company's called up share capital in relation to employee share schemes, has agreed to waive all dividends due to the Trustee.

13. Earnings per share

Group

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

	2017 '000	2016 '000
Number of shares		
Basic		
Weighted average number of shares in issue in the year	**272,840**	271,072
Diluted		
Effect of weighted average number of options outstanding for the year	**10,162**	9,984
Diluted weighted average number of options and shares for the year	**283,002**	281,056
Adjusted[1] diluted		
Effect of full dilution of employee share options which are contingently issuable or have future attributable service costs	**2,406**	4,637
Adjusted[1] diluted weighted average number of options and shares for the year	**285,408**	285,693

a) Continuing operations

	2017 £'000	2016 £'000
Earnings attributable to ordinary shareholders		
Basic and diluted profit for the year	**45,153**	38,967
Redundancy costs	**742**	2,780
Onerous contracts	**1,969**	311
Amortisation of intangible assets – client relationships	**6,650**	6,287
Acquisition costs	**1,683**	–
Incentivisation awards	**1,297**	–
One-off migration costs	**–**	1,596
Disposal of available-for-sale investments	**(2)**	3
less tax effect of above	**(1,481)**	(2,042)
Adjusted basic and diluted profit for the year and attributable earnings	**56,011**	47,902

	2017	2016
Earnings per share		
Basic	**16.5p**	14.4p
Diluted	**16.0p**	13.9p
Adjusted[2] earnings per share		
Basic	**20.5p**	17.7p
Adjusted[1] diluted	**19.6p**	16.8p

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 redundancy costs, onerous contracts, amortisation of client relationships, acquisition costs, incentivisation awards, one-off migration costs and disposal of available-for-sale investments.

13. Earnings per share (continued)

b) Continuing and discontinued operations

	2017 £'000	2016 £'000
Earnings attributable to ordinary shareholders		
Basic and diluted profit for the year	**45,153**	50,362
Redundancy costs	**742**	2,780
Onerous contracts	**1,969**	311
Amortisation of intangible assets – client relationships	**6,650**	6,287
Acquisition costs	**1,683**	–
Incentivisation awards	**1,297**	–
One-off migration costs	**–**	1,596
Disposal of available-for-sale investments	**(2)**	3
less tax effect of above	**(1,481)**	(2,042)
Adjusted basic and diluted profit for the year and attributable earnings	**56,011**	59,297

	2017	2016
Earnings per share		
Basic	**16.5p**	18.6p
Diluted	**16.0p**	17.9p
Adjusted[2] earnings per share		
Basic	**20.5p**	21.9p
Adjusted[1] diluted	**19.6p**	20.8p

c) Discontinued operations

The denominators used are the same as those detailed above for both basic and diluted earnings from continuing operations.

	2017	2016
Earnings per share		
Basic	**–**	4.2p
Diluted	**–**	4.0p
Adjusted[2] earnings per share		
Basic	**–**	4.2p
Adjusted[1] diluted	**–**	4.0p

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 redundancy cost, onerous contracts, amortisation of client relationships, acquisition costs, incentivisation awards, one-off migration costs and disposal of available-for-sale investments.

14. Intangible assets

Group	Goodwill £'000	Client relationships £'000	Software costs £'000	Total £'000
Cost				
At 30 September 2015	48,637	107,941	55,825	212,403
Additions	–	(65)	5,189	5,124
Disposals	–	–	(42,808)	(42,808)
Exchange differences	–	26	–	26
At 30 September 2016	48,637	107,902	18,206	174,745
Additions	–	25,708	879	26,587
Exchange differences	–	3	–	3
At 30 September 2017	**48,637**	**133,613**	**19,085**	**201,335**
Accumulated amortisation and impairment losses				
At 30 September 2015	–	78,805	46,609	125,414
Amortisation charge for the year	–	6,287	4,441	10,728
Eliminated on disposal	–	–	(42,808)	(42,808)
Exchange differences	–	13	–	13
Impairment losses for the year (see note 11)	–	–	345	345
At 30 September 2016	–	85,105	8,587	93,692
Amortisation charge for the year	–	6,650	5,200	11,850
Exchange differences	–	2	–	2
At 30 September 2017	**–**	**91,757**	**13,787**	**105,544**
Net book value				
At 30 September 2017	**48,637**	**41,856**	**5,298**	**95,791**
At 30 September 2016	48,637	22,797	9,619	81,053
At 30 September 2015	48,637	29,136	9,216	86,989

Client relationship additions are made up as follows:

	2017 £'000	2016 £'000
Cash paid for client relationships acquired in current year	**25,500**	–
Shares issued in year	**–**	9,305
Other additions for client relationships acquired in prior years	**208**	(66)
Utilisation of provisions for deferred purchase liability and shares to be issued	**–**	(9,304)
Total additions	**25,708**	(65)

The cash paid for client relationships acquired in the year relates to the acquisition of Duncan Lawrie Asset Management Limited which is detailed in note 27.

The following table splits out the significant client relationship assets:

	£'000
Carrying amount at year end	
Tilman Brewin Dolphin Limited[1]	14,305
South East investment management team 2[2]	24,093
Other investment management teams[3]	3,458
	41,856

1. Amortisation period remaining 8 years 10 months.
2. Amortisation period remaining 6 years 7 months, relating to client relationships acquired in the year (see note 27).
3. None of the constituent parts of the goodwill or client relationships relating to the other investment management teams is individually significant in comparison to the total value of goodwill or client relationships respectively.

14. Intangible assets (continued)

Goodwill impairment testing

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

	Groups of CGUs No.	Goodwill £'000
Carrying amount at year end		
Midland Branch 1	1	5,149
Midland Branch 2	1	5,284
Northern Branch 1	1	6,432
South East Branch 1	1	12,800
Other Branches	14	18,972
	18	**48,637**

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

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

Sensitivity analysis of the key assumptions

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

15. Property, plant and equipment

Group

	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 30 September 2015	13,003	13,150	43,666	69,819
Additions	198	138	127	463
Exchange differences	31	91	–	122
Disposals	(42)	(87)	(9,680)	(9,809)
At 30 September 2016	13,190	13,292	34,113	60,595
Additions	690	98	185	973
Exchange differences	4	12	–	16
Disposals	(178)	(8)	–	(186)
At 30 September 2017	**13,706**	**13,394**	**34,298**	**61,398**
Accumulated depreciation and impairment losses				
At 30 September 2015	8,685	11,988	40,961	61,634
Charge for the year	1,267	642	1,596	3,505
Exchange differences	30	78	–	108
Impairment of assets (see note 11)	–	–	335	335
Eliminated on disposal	(42)	(87)	(9,680)	(9,809)
At 30 September 2016	9,940	12,621	33,212	55,773
Charge for the year	1,026	388	503	1,917
Exchange differences	4	10	–	14
Eliminated on disposal	(138)	(8)	–	(146)
At 30 September 2017	**10,832**	**13,011**	**33,715**	**57,558**
Net book value				
At 30 September 2017	**2,874**	**383**	**583**	**3,840**
At 30 September 2016	3,250	671	901	4,822
At 30 September 2015	4,318	1,162	2,705	8,185

16. Investment in subsidiaries

Group

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

Name of subsidiary	Activity	Country of registration	Class of share capital	Aggregate nominal value
ABDA Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
B.L.Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
BDDL Limited (formerly Duncan Lawrie Asset Management Limited)	Investment Manager	England & Wales	Ordinary	£1
BDS Nominees Limited	Client Nominee	England & Wales	Ordinary	£1
Bell Lawrie Nominees Limited	Dormant Nominee	Scotland	Ordinary	£1
Bell Lawrie White & Co. Limited	Dormant	Scotland	Ordinary	£0.01
BL PEP Nominees Limited	Dormant Nominee	Scotland	Ordinary	£1
BLM Nominees Limited	Dormant Nominee	Scotland	Ordinary	£1
Brewin (1762) Limited	Dormant	England & Wales	Ordinary	£1
Brewin 1762 Nominees (Channel Islands) Limited	Dormant Nominee	Jersey	Ordinary	£1
Brewin 1762 Nominees Limited	Client Nominee	England & Wales	Ordinary	£1
Brewin Broking Limited*	Dormant	England & Wales	A Ordinary / B Ordinary	£1
Brewin Dolphin (Channel Islands) Limited	Dormant	Jersey	Ordinary	£1
Brewin Dolphin Limited*	Investment Manager	England & Wales	Ordinary	£1
Brewin Dolphin MP	Investment Manager	England & Wales	A Ordinary / B Ordinary	£0.01
Brewin Dolphin Securities Limited	Dormant	England & Wales	Ordinary	£1
Brewin Nominees (Channel Islands) Limited	Client Nominee	Jersey	Ordinary	£1
Brewin Nominees Limited	Client Nominee	England & Wales	Ordinary	£1
Cosmitt Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
DDY Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Dunlaw Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Erskine Nominees Limited	Dormant Nominee	Scotland	Ordinary	£1
Four Yards Nominees Limited	Client Nominee	England & Wales	Ordinary	£1
Giltspur Nominees Limited	Client Nominee	England & Wales	Ordinary	£1
Hill Osborne Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Hilstock PEP (Client) Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Hilstock SCP (Client) Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
New Town (Nominees) Limited	Dormant Nominee	Scotland	Ordinary	£1
North Castle Street (Nominees) Limited	Client Nominee	Scotland	Ordinary	£1
Northgate Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Pilgrim Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Robert White & Co. Limited*	Dormant	Scotland	Ordinary	£1
Shareline (Yorkshire) Limited	Dormant	England & Wales	Ordinary	£1
Smittco Nominees Limited	Firm Nominee	England & Wales	Ordinary	£1
Stable (Nominees) Limited	Dormant Nominee	United Kingdom	Ordinary	£1
Tilman Brewin Dolphin Limited*	Investment Manager	Ireland	Ordinary / A Shares	€1.50/ €0.01
Tilman Brewin Dolphin Nominees Limited	Client Nominee	Ireland	Ordinary	€1
Webrich Limited*	Trustee	England & Wales	Ordinary	£1
WIS ICS Nominees Limited	Dormant Nominee	England & Wales	Ordinary	£1
Wise Nominees Limited	Dormant Nominee	England & Wales	Ordinary A Voting / Ordinary B Voting / Ordinary C	£1
Wise Speke Financial Services Limited	Dormant	England & Wales	Ordinary	£1

* Indicates subsidiaries held directly.

All of the subsidiaries listed above are entitled to the exemption from audit under s479A of the Companies Act 2006, with the exception of BDDL Limited, Brewin Dolphin Limited, Brewin Dolphin MP and Tilman Brewin Dolphin Limited.

16. Investment in subsidiaries (continued)

Company

	2017 £'000	2016 £'000
At 1 October	**191,429**	194,305
Change in investment in Brewin Dolphin Limited	**–**	(1)
Capital contribution to Brewin Dolphin Limited in respect of share-based payments	**591**	(2,875)
At 30 September	**192,020**	191,429

17. Trade and other receivables

Group

	2017 £'000	2016 £'000
Non-current assets		
Loans[1]	**200**	307
Total other receivables	**200**	307
Current assets		
Trade debtors	**173,240**	157,279
Loans[1]	**303**	347
Other debtors	**5,530**	2,056
Accrued income	**56,433**	49,846
Prepayments	**7,638**	8,590
Total trade and other receivables	**243,144**	218,118

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

Trade debtors relate to either market or client transactions and are considered to be past due once the date for settlement has passed. The date for settlement is determined when the trade is booked. It is expected that some transactions may become past due in the normal course of business. Fees owed by clients are considered to be past due when they remain unpaid after 30 days after the relevant billing date. Trade debtors that are older than 90 days are provided for unless collateral is held. The maximum exposure to credit risk is the carrying value as above (see note 28 for details of the Group's credit risk).

Ageing of past due but not impaired trade debtors

	2017 £'000	2016 £'000
Not past due	**171,993**	154,590
Up to 15 days past due	**710**	2,348
16 to 30 days past due	**44**	43
31 to 45 days past due	**115**	64
More than 45 days past due	**188**	184
	173,050	157,229

Individually impaired trade debtors

	2017 £'000	2016 £'000
Individually impaired trade debtors	**228**	83
Provision for doubtful debts	**(38)**	(33)
	190	50
Trade debtors	**173,240**	157,279

Movements in provision for doubtful debts

	2017 £'000	2016 £'000
At 1 October	**33**	108
Net charge/(release) to the Income Statement	**16**	(58)
Doubtful debts written off	**(11)**	(17)
At 30 September	**38**	33

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

Company

	2017 £'000	2016 £'000
Non-current assets		
Loans[1]	**–**	50
Total other receivables	**–**	50
Current assets		
Amounts due from subsidiary undertakings	**53,802**	46,151
Total trade and other receivables	**53,802**	46,151

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

18. Defined benefit pension scheme

Group

The Group operates a registered Defined Contribution Scheme (the 'Brewin Dolphin Senior Staff Pension Fund') and a registered Defined Benefit Scheme (the 'Brewin Dolphin Limited RBS') in the UK which both offer pensions in retirement and death benefits to members. The disclosures provided are in respect of the Defined Benefit Scheme only (the 'Scheme').

Pension benefits are related to the members' final salary at retirement and their length of service. The pension is payable for life and has elements increasing in payment in line with inflation up to a maximum of 5% p.a. Since 1 April 2003 the Scheme has been closed to new members. Members under age 55 at 1 April 2004 ceased to accrue further service in the Scheme from that date. Contributions to the Scheme for the year beginning 1 October 2017 are expected to be £3.0 million.

The Scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the Scheme is subject to the Scheme funding requirements outlined in Section 224 of the Pensions Act 2004.

The Scheme was established under trust and is governed by the Scheme's Trust Deed and Rules. In accordance with UK trust and pensions law, the Scheme has appointed Trustees. Although the Group bears the financial cost of the Scheme, the responsibility for the management and governance of the Scheme lies with the Trustees, who have a duty to act in the best interest of members at all times.

18. Defined benefit pension scheme (continued)

Valuation for funding purposes

The valuation as at 31 December 2014:

	£'000
Value of scheme assets	81,609
Actuarial value of scheme liabilities in respect of:	
In-service members	(17,598)
Deferred pensioners	(31,459)
Current pensioners and dependants	(43,926)
Value of scheme liabilities	(92,983)
Scheme deficit	(11,374)
Funding level	88%

The Scheme is valued for funding purposes at intervals of not more than three years by an independent qualified actuary. The latest valuation for funding purposes was as at 31 December 2014. The actuarial valuation deficit is used to assess the money the Group need to put into the pension scheme.

The Group and the Scheme's Trustees agreed a deficit reduction plan following the 2014 valuation and it was agreed that Brewin Dolphin Limited would pay contributions of £250,000 per month from 1 January 2015 with a view to eliminate the deficit by 28 February 2019.

The next actuarial valuation of the Scheme is due as at 31 December 2017 and a revised deficit reduction plan will be considered as part of this exercise. The administration costs of the Scheme, including investment management fees and Scheme levy payments, are currently paid by Brewin Dolphin Limited as they fall due.

Summary of amounts recognised in the financial statements under IAS 19

In the consolidated financial statements, the Group accounts for pension costs, other post-retirement benefits and related redundancy provisions in accordance with IAS 19 – 'Employee Benefits'. Under the standard, the difference between the market values of Scheme assets and the present value of Scheme liabilities is reported as a surplus (asset) (to the extent a surplus may be seen) or deficit (liability) in the Balance Sheet. The accounting value shown on the balance sheet will always be different from the result obtained using the funding basis.

The pension valuation under IAS 19 as at 30 September 2017 was carried out by a qualified independent actuary.

In the preparation of the valuations under IAS 19 referred to in this note, the actuary has used the assumptions indicated below, which the Group has directed for the purposes of accounting and disclosure under IAS 19.

Explanation of the variance between funding valuation and IAS 19 valuation

The accounts show the Scheme has a surplus compared to the deficit revealed by the last funding valuation. The main reasons for this are the difference between the experience of the Scheme over the period from 1 January 2015 to 30 September 2017 and that assumed for the purposes of the funding valuation as at 31 December 2014, and the differences in the assumptions used to value the liabilities in the accounting and funding valuations for the Scheme.

Defined benefit pension scheme asset recognition basis

Under IAS 19 the net defined benefit pension scheme asset that can be recognised is the lower of the surplus and the asset ceiling (i.e. the economic benefits available in the form of refunds or reductions in future contributions or a combination of both, in accordance with IFRIC 14 'IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'). Under the Scheme's Trust Deeds and Rules the Group is able, without condition or restriction placed on it by the Trustees, to run the Scheme until the last member dies, without benefits being augmented; wind up the Scheme at that point; and reclaim any remaining monies. Consequently, the Group recognises the full surplus calculated in accordance with IAS 19.

Risks

The main risks to which the Group is exposed in relation to the pension scheme are:

Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise this risk.

Investment risk – the Scheme invests its assets in a diversified portfolio of assets. There are risks that the assets underperform relative to increases in the value of the Scheme's liabilities, thus increasing the cost to the Group of the benefit provision. There is a risk that the assets invested in do not sufficiently match the characteristics of the Scheme's liabilities and so a fall in asset values is not similarly matched by a fall in the value of the liabilities. While certain assets are chosen that match the characteristics of the Scheme's liabilities and membership profile, the Scheme currently invests in a high proportion of equities and assets that are not expected to closely match the majority of the Scheme's liabilities. The Scheme's Trustees review the performance of the assets and structure of the portfolio on a regular basis to ensure the risks being taken under investment are commensurate with normal Trustee principles and the ability of the Group to mitigate adverse investment experience.

Price inflation risk – some of the Scheme's benefits increase in line with price inflation and so if inflation is greater than expected, the costs of providing these benefits will increase. The Scheme holds government bonds with payments also linked to inflation to assist in mitigating this risk.

Financial derivatives risk – the Scheme directly holds derivatives in the form of interest rate swaps, inflation swaps and total return swaps with the aim of enhancing how the Trustees' matching assets match changes in the Scheme's liabilities on the funding basis. These are managed by the investment manager as well as all other assets and the Scheme Trustees determine the level of overall liability hedging that is employed. Other than these derivatives used for liability matching and reducing risks, the Scheme does not directly hold any financial derivatives, but these may be held by some of the investment funds that the Scheme invests in. The main risks associated with financial derivatives include: losses may exceed the initial margin; counterparty risk where the other party defaults on the contract; and liquidity risk where it may be difficult to close out a contract prior to expiry. These risks are managed indirectly by the investment managers of the Scheme who will review the Scheme's return seeking assets and the level of investment risk taking to ensure it remains appropriate taking account of the Trustees' investment objectives.

The surplus recognised on the accounting basis is exposed to the risks that increases or decreases in the assets do not match those of the liabilities measured on the accounting basis. The asset liability matching is based on the Scheme's funding basis and so to the extent that the Company's measure for the liabilities in line with IAS 19 requirements changes relative to the measure of the liabilities on the funding basis which the assets are hedging, this could impact on the accounting surplus. The funding position on the funding basis is protected to some degree by the level of hedging that is adopted and the Trustees' plans to de-risk in future years as the funding position improves.

Scheme investment strategy and level of matching

The Scheme's investment strategy is to invest broadly 80% in higher return seeking assets (e.g. equities, high yielding bonds etc.) and 20% in matching assets (e.g. fixed interest gilts and index-linked gilts). The objective is to target an investment return of 2.5% per annum (net of fees) in excess of a portfolio of gilts that closely matches the behaviour of the Scheme's funding liabilities. This return objective will fall over time, as the proportion of matching assets are increased as the scheme matures, to 0.6% per annum (net of fees) once all the members have retired. The Scheme also has liability matching swaps in place so that, along with the matching assets, the majority of the movement in the Scheme's funding liabilities should be matched by similar movements in the assets. This strategy reflects the Scheme's liability profile and the Trustees' and Brewin Dolphin Limited's attitude to risk. The asset allocations as at 30 September 2017 and 30 September 2016 are provided below, disaggregated between assets that are believed to have a quoted market price in an active market and those that are unquoted.

The aim of the Scheme is hedge around 85% of interest rate risk and inflation risk as at 30 September 2017 to reduce financial risks to the Scheme and the risks of additional contribution requirement for the Group. The current longer-term objective is to aim to continue to hedge around 100% of both the interest rate risk and inflation risk of the liabilities; this will help to further reduce funding level volatility.

None of the assets of the pension schemes are invested in the Group's own financial instruments and none of the assets are properties or other assets used by the Group.

18. Defined benefit pension scheme (continued)

Assumptions

The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 30 September 2017	As at 30 September 2016
Discount rate	**2.60%**	2.20%
RPI inflation assumption	**3.30%**	3.10%
CPI inflation assumption	**2.30%**	2.10%
Rate of increase in salaries	**3.30%**	3.10%
LPI pension increases	**3.20%**	3.00%
Average assumed life expectancies for members on retirement at age 65:		
Retiring today:		
Males	**88.6 years**	88.7 years
Females	**89.6 years**	89.9 years
Retiring in 20 years:		
Males	**89.9 years**	90.4 years
Females	**91.1 years**	91.7 years

Scheme assets and liabilities

The assets in the Scheme were:

	2017 £'000	2016 £'000
Equities and property (quoted)	**47,890**	31,444
Fixed interest bonds (quoted)	**21,786**	24,813
Index linked bonds (quoted)	**15,868**	13,165
Liability hedging (quoted)	**(235)**	9,364
Currency hedging (quoted)	**939**	6
Alternatives (quoted)	**17,134**	13,401
Cash and cash equivalents	**2,958**	13,240
Fair value of scheme assets	**106,340**	105,433

Net assets/(liabilities) recognised on the Balance Sheet:

	2017 £'000	2016 £'000
Present value of funded obligations	**(101,853)**	(112,385)
Fair value of scheme assets	**106,340**	105,433
Surplus/(deficit) in funded scheme and net asset/(liability) on the Balance Sheet	**4,487**	(6,952)

Reconciliation of opening and closing balances of the present value of the defined benefit pension scheme obligation

	2017 £'000	2016 £'000
Benefit obligation at beginning of year	**112,385**	84,780
Service cost	**–**	–
Interest cost	**2,433**	3,168
Contributions by scheme participants	**–**	–
Net remeasurement (gains)/losses – demographic	**(2,036)**	358
Net remeasurement (gains)/losses – financial	**(5,555)**	29,011
Net remeasurement (gains) – experience	**(1,850)**	(2,105)
Benefits paid	**(3,524)**	(2,827)
Benefit obligation at end of year	**101,853**	112,385

Reconciliation of opening and closing balances of the fair value of plan assets

	2017 £'000	2016 £'000
Fair value of plan assets at beginning of year	**105,433**	81,911
Interest income on scheme assets	**2,314**	3,116
Return on assets, excluding interest income	**(883)**	20,233
Contributions by employers	**3,000**	3,000
Contributions by scheme participants	**–**	–
Benefits paid	**(3,524)**	(2,827)
Fair value of scheme assets at end of year	**106,340**	105,433

The amounts recognised in the Income Statement are:

	2017 £'000	2016 £'000
Service cost	**–**	–
Net interest on the net defined benefit asset/liability	**119**	52
Settlements and curtailments	**–**	–
Total expense	**119**	52

Remeasurements of the net defined benefit asset/liability included in Other Comprehensive Income ('OCI')

	2017 £'000	2016 £'000
Net remeasurement – demographic	**2,036**	(358)
Net remeasurement – financial	**5,555**	(29,011)
Net remeasurement – experience	**1,850**	2,105
Return on assets, excluding interest income	**(883)**	20,233
Changes in the effect of the asset ceiling excluding interest income	**–**	–
Total remeasurement of the net defined benefit asset/(liability) included in OCI	**8,558**	(7,031)

Amount, timing and uncertainty of future Scheme cash flows

The liabilities of the Scheme are based on the current value of expected benefit payment cash flows to members of the Scheme over the next sixty years or so. The weighted average duration of the liabilities is approximately twenty years.

Sensitivity analysis

A sensitivity analysis of the principal assumptions used to measure the Scheme's defined benefit pension scheme obligation as at 30 September 2017 is set out below. The sensitivities cover the key assumptions disclosed above. The inflation assumption sensitivity factors in the impact of changes to RPI inflation which will impact on future expectations of increases in final pensionable salary (which are capped at RPI increases), and pension increases and CPI inflation. It should be noted that the methodology and assumptions prescribed for the purposes of IAS 19 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.25%	Increase by £5.2m
Rate of inflation (RPI, CPI and salary increases)	Increase by 0.25%	Increase by £3.8m
Assumed life expectancy	Members live 1 year longer	Increase by £4.3m

The sensitivity figures have been calculated using the same method used for the calculation of the disclosed liabilities as at 30 September 2017. There are no material limitations of the method used to calculate the sensitivities relative to the disclosed liabilities.

19. Net deferred tax asset

Group

In addition to the amount debited to the Income Statement, deferred tax relating to the actuarial gain in the defined benefit pension scheme amounting to £1,383,000 has been debited to other comprehensive income (2016: £1,109,000 credited to other comprehensive income relating to the actuarial loss). Deferred tax on share-based payments of £1,065,000 has been credited to profit and loss reserves (2016: £221,000 debited to profit and loss reserves).

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

	Capital allowances £'000	Revaluation £'000	Other short-term timing differences £'000	Defined pension benefit scheme £'000	Share-based payments £'000	Capital losses £'000	Intangible asset amortisation £'000	Total £'000
At 30 September 2015	1,936	–	1,908	574	5,117	1,537	(467)	10,605
Credit/(charge) in the year to the Income Statement	(210)	–	(665)	(501)	396	(1,537)	(1,183)	(3,700)
Credit in the year to the Statement of Comprehensive Income	–	6	–	1,109	–	–	–	1,115
Charge in the year to the Statement of Changes in Equity	–	–	–	–	(221)	–	–	(221)
At 30 September 2016	1,726	6	1,243	1,182	5,292	–	(1,650)	7,799
Credit/(charge) in the year to the Income Statement	(157)	–	(342)	(562)	(204)	–	513	(752)
Credit/(charge) in the year to the Statement of Comprehensive Income	–	14	–	(1,383)	–	–	–	(1,369)
Credit in the year to the Statement of Changes in Equity	–	–	–	–	1,065	–	–	1,065
At 30 September 2017	**1,569**	**20**	**901**	**(763)**	**6,153**	**–**	**(1,137)**	**6,743**

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

Between 1 April 2017 and 31 March 2020	19%
After 1 April 2020	17%

The enacted rate applicable for the year ended 30 September 2016 was 20%.

20. Investments

Group

Available-for-sale investments

	Unlisted investments £'000
At 30 September 2015	140
Additions	770
Net loss from changes in fair value recognised in equity	(30)
Disposals	(47)
At 30 September 2016	833
Additions	18
Net loss from changes in fair value recognised in equity	(75)
Disposals	(40)
At 30 September 2017	**736**

	2017 £'000	2016 £'000
Current assets		
Available-for-sale investments		
– Equity	**95**	128
– Asset-backed security	**641**	705
Total available-for-sale investments	**736**	833

The asset-backed security is a USD fixed rate note; due to mature on 23 September 2019. The available-for-sale investments are held at fair value. Further information is disclosed in note 28.

Trading investments

	2017 £'000	2016 £'000
Listed investments	**36**	1,093
Total trading investments	**36**	1,093

The trading investments are measured at fair value which 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. During the year most of the listed trading investments held at fair value through the profit and loss were sold.

21. Cash and cash equivalents

Group

	2017 £'000	2016 £'000
Cash and cash equivalents	**169,995**	170,766
	169,995	170,766

Company

	2017 £'000	2016 £'000
Cash and cash equivalents	**433**	686
	433	686

Cash and cash equivalents comprises cash at banks. The carrying amount of these assets is approximately equal to their fair value.

22. Trade and other payables

Group

	2017 £'000	2016 £'000
Trade creditors	**173,657**	154,147
Other creditors	**2,931**	4,529
Other taxes and social security	**9,973**	8,488
Accruals	**58,566**	54,479
Deferred income	**182**	302
	245,309	221,945

Company

	2017 £'000	2016 £'000
Accruals	**63**	22
Deferred income	**3,303**	4,957
Amounts payable to subsidiary undertakings	**7,334**	7,334
	10,700	12,313

Trade creditors relate to either market or client transactions; the date for settlement is determined when the trade is booked. Other payable balances principally comprise amounts outstanding for ongoing costs.

23. Provisions

Group

	Sundry claims and associated costs £'000	Onerous contracts £'000	Social security and levies on share options £'000	Incentivisation awards £'000	Leasehold dilapidations £'000	Total £'000
At 1 October 2016	1,022	4,308	2,431	–	1,936	9,697
Additions	365	2,047	1,826	613	153	5,004
Utilisation of provision	(171)	(996)	(743)	–	(31)	(1,941)
Unwinding of discount	–	30	–	9	19	58
Unused amounts reversed during the year	(629)	(22)	(40)	–	(33)	(724)
At 30 September 2017	**587**	**5,367**	**3,474**	**622**	**2,044**	**12,094**

Included in current liabilities	587	904	1,589	622	53	3,755
Included in non-current liabilities	–	4,463	1,885	–	1,991	8,339
At 30 September 2017	**587**	**5,367**	**3,474**	**622**	**2,044**	**12,094**

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 at 30 September 2017 is solely in respect of surplus office space (30 September 2016: included a provision for £0.2 million in relation to onerous contracts resulting from discontinued operations). The valuation of an onerous contract is based on the best estimate of the likely costs discounted to present value. Where the provision is in relation to leasehold obligations on premises and it is more likely than not that the premises will be sublet, an allowance for sublease income has been included in the valuation.

The onerous lease charge for the year was £2.0 million (2016: £0.3 million) of which £0.6 million related to changes in both assumptions of sublets and inputs used to calculate the provision. In addition, following a review of office space utilisation of one of our properties, surplus office space was identified as onerous, resulting in an increase in the provision of £1.3 million.

Provision of £5.4 million (30 September 2016: £4.1 million) has been made for surplus office space which the Group may not be able to sublet in the short term. The maximum exposure is the current estimated amount that the Group would have to pay to meet the future obligations under these lease contracts which is approximately £13.4 million as at 30 September 2017 (30 September 2016: £11.3 million), if the assumption regarding future sublets is removed and the time value of money is ignored. The longest lease term covered by the provision has 15.5 years remaining and accounts for £3.7 million of the provision.

The Group has made a provision of £2.0 million (30 September 2016: £1.9 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 15.5 years.

The social security and levies on share options provision is in respect of Employer's National Insurance on options 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 options vesting and represents the best estimate of the expected future cost.

The provision recognised for the incentivisation awards of £0.6 million (30 September 2016: £nil), which is based on the best estimate of the likely future obligation discounted for the time value of money, is payable to employees in relation to the retention and acquisition of funds.

See note 4b.v for key sources of estimation uncertainty impacting the provisions.

24. Share capital

Company

	2017 No.	2016 No.	2017 £'000	2016 £'000
Authorised:				
Ordinary shares of 1p each	**500,000,000**	500,000,000	**5,000**	5,000
Ordinary shares of 1p each				
Allotted, issued and fully paid	**283,331,882**	283,026,606	**2,833**	2,830

During the year the following shares were issued:

	Date	No. of shares	Exercise/issue price (pence)	Share capital £'000	Share premium account £'000	Total £'000
At 30 September 2016		283,026,606		2,830	151,836	154,666
Issue of options	Various	305,276	103.5p – 175.25p	3	484	487
At 30 September 2017		**283,331,882**		**2,833**	**152,320**	**155,153**

The following options and awards have been granted and remain outstanding:

Scheme	Grant date	Exercise price	2017 No.	2016 No.
2004 Approved Share Option Scheme:				
	November 2006	175.25p	**–**	128,676
	November 2007	168p	**53,976**	85,726
	November 2008	103.5p	**33,500**	50,000
	December 2009	165.7p	**112,148**	158,998
	December 2010	148p	**64,557**	107,307
	December 2011	131.3p	**20,250**	61,500
			284,431	592,207
Deferred Profit Share Plan[1]:				
	December 2010	Nil	**–**	208,378
	December 2011	Nil	**326,874**	563,497
	December 2012	Nil	**400,913**	471,383
	December 2013	Nil	**147,889**	1,639,527
	December 2014	Nil	**2,028,385**	2,057,563
	December 2015	Nil	**2,171,003**	2,226,832
	December 2016	Nil	**1,977,021**	–
			7,052,085	7,167,180
Equity Award Plan[1]:				
	December 2013	Nil	**–**	1,666,635
	December 2014	Nil	**2,135,691**	2,321,378
	January 2015	Nil	**28,070**	28,070
	December 2015	Nil	**240,901**	240,901
	February 2017	Nil	**47,908**	–
	August 2017	Nil	**29,802**	–
			2,482,372	4,256,984
Long Term Incentive Plan:				
	February 2014	Nil	**–**	878,653
	December 2014	Nil	**1,349,835**	1,496,791
	December 2015	Nil	**1,069,468**	1,213,519
	December 2016	Nil	**1,156,915**	–
			3,576,218	3,588,963
Total options and awards outstanding as at 30 September			**13,395,106**	15,605,334

1. These options do not count towards dilution limits because the shares have been purchased in the market by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust.

24. Share capital (continued)

The rights and obligations attached to the ordinary shares of 1 penny each in the Company are as follows:

- In terms of voting, every member who is present in person or by proxy at a general meeting of the Company shall have one vote on a show of hands and one vote for every share held on a poll.
- As regards dividends, all shares in issue at the year end rank pari passu for dividends. Shareholders shall be entitled to receive dividends following declaration by the Company. Dividends are not payable in respect of any nil paid shares that may be held by the Trustees in Brewin Dolphin Holdings PLC Employee Share Ownership Trust (the 'Trust').
- The Trustees of the Brewin Dolphin Holdings PLC Employee Share Ownerships Trust have agreed to waive all dividends due on the shares held in the Trust, 9,817,002 ordinary shares as at 30 September 2017 (2016: 11,460,043).
- There are no special rights for the ordinary shares in relation to control of the Company.

On a change of control, the following criteria will apply:

- 2004 Approved Share Option Schemes: Options can be exercised within 30 days of control being obtained. The options will lapse after six months.
- Long Term Incentive Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.
- Deferred Profit Share Plan: A replacement award could be made over shares in the acquiring company, otherwise the shares will vest in full and can be exercised within six months of control being obtained.
- Share Incentive Plan: No Matching Shares shall be forfeited as a consequence of a change of control.
- Equity Award Plan: Awards will automatically vest upon change of control and options will become exercisable from the date of change of control and will remain exercisable for one month, after which the options will lapse.

25. Own shares

Company

The own shares reserve represents the matching shares purchased in the market and held by the Brewin Dolphin Share Incentive Plan and shares purchased by the Brewin Dolphin Holdings PLC Employee Share Ownership Trust ('ESOT').

	No. of shares	£'000
Balance at 30 September 2015	11,673,927	28,153
Acquired in the year	2,514,334	7,220
Own shares disposed of on exercise of options	(2,456,282)	(5,853)
Own shares disposed of	(108,505)	(226)
Balance at 30 September 2016	11,623,474	29,294
Acquired in the year	2,080,118	5,807
Own shares disposed of on exercise of options	(3,726,126)	(9,180)
Balance at 30 September 2017	**9,977,466**	**25,921**

	2017 No.	2016 No.
Shares held by:		
Brewin Dolphin Holdings PLC ESOT	**9,817,002**	11,460,043
Brewin Dolphin Share Incentive Plan	**160,464**	163,431
Balance at 30 September	**9,977,466**	11,623,474

26. Other reserves

Merger reserve

The merger reserve is used where more than 90% of the share capital in a subsidiary is acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under Section 612 of the Companies Act 2006.

Group

	£'000
Balance at 30 September 2016	70,553
Balance at 30 September 2017	**70,553**

Company

	£'000
Balance at 30 September 2016	70,838
Balance at 30 September 2017	**70,838**

£38.4 million of the merger reserve arose on a placing of the Company's shares and forms part of the distributable reserves.

Profit and loss account

Company

	£'000
Balance at 30 September 2016	29,793
Balance at 30 September 2017	**35,485**

The profit and loss reserve forms part of distributable reserves, subject to the profits being realised.

Revaluation reserve

Group

	£'000
Balance at 30 September 2016	(24)
Balance at 30 September 2017	**(85)**

The revaluation reserve represents the cumulative fair value movements on available-for-sale financial assets recognised in other comprehensive income and does not form part of distributable reserves.

27. Business combinations

Group

On 10 May 2017, the Group's principal operating subsidiary Brewin Dolphin Limited acquired 100% of the ordinary share capital of BDDL Limited ('BDDL') formerly named Duncan Lawrie Asset Management Limited (the 'Acquisition') and its dormant subsidiary undertakings DDY Nominees Limited and Dunlaw Nominees Limited.

BDDL and its subsidiaries were acquired to expand the Group's wealth management activities and contribute to the delivery of the Group's strategic objective of revenue growth.

Consideration transferred

The fair value of the total cash consideration transferred was £27,968,000.

Acquisition-related costs amounting to £1,683,000 have been recognised as an expense in the Income Statement in the current year.

Fair value of the assets acquired and liabilities recognised at the date of acquisition:

	£'000
Current assets	
Cash and cash equivalents	2,468
Non-current assets	
Intangible assets	25,500
	27,968

27. Business combinations (continued)

Net cash outflow arising on acquisition:

	£'000
Consideration paid in cash	27,968
Less: cash and cash equivalent balances acquired	(2,468)
	25,500

The Acquisition contributed £2,481,000 revenue and £1,476,000 to the Group's profit after tax for the period between the date of acquisition and the balance sheet date excluding acquisition costs.

It is not practicable to estimate the revenue and profit or loss of the combined entity for the current reporting year as though the acquisition date for BDDL had been as of the beginning of the annual reporting period.

BDDL transferred the rights to the income streams to Duncan Lawrie Limited ('DLL'), the former parent company, as part of a group reorganisation in December 2013. From this date to the date of acquisition by the Group, any revenues and profit or loss associated with the client agreements were recognised in DLL's financial statements. There is no way of identifying revenue and profit specific to BDDL recognised in the financial statements of DLL for the period from 1 October 2016 to the acquisition date.

In the opinion of the Directors' disclosing an estimate of the BDDL's revenue and profit or loss for this year would be misleading and would not present a true and fair view of BDDL's performance.

28. Financial instruments and risk management

Group and Company

Overview

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

Risk management

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

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

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

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

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

Capital structure and capital management

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

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

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

Regulatory capital requirements

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

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

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

The regulatory capital resources of the Group were as follows:

	2017 £'000	2016 £'000
Share capital	**2,833**	2,830
Share premium account	**152,320**	151,836
Own shares	**(25,921)**	(29,294)
Revaluation reserve	**(85)**	(24)
Merger reserve	**70,553**	70,553
Profit and loss account	**62,876**	46,908
Regulatory capital resources before deductions	**262,576**	242,809
Deduction – Intangible assets (net of deferred tax liability)	**(93,519)**	(78,746)
Deduction – Defined benefit pension scheme asset (net of deferred tax liability)	**(3,724)**	–
Deduction – Free deliveries	**(107)**	(82)
Total regulatory capital resources after deductions at 30 September	**165,226**	163,981

Information disclosure under Pillar III of the Capital Requirements Directive will be published on the Group's website before 31 December 2017 at www.brewin.co.uk.

Significant accounting policies

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed in note 3(r) to the financial statements.

Categories of financial instruments

Group

	Carrying value	
	2017 £'000	2016 £'000
Financial assets		
Available-for-sale investments	**736**	833
Fair value through profit and loss – held for trading	**36**	1,093
Non-current loans and receivables	**200**	307
Current loans and receivables	**235,506**	209,528
Cash and cash equivalents	**169,995**	170,766
At 30 September	**406,473**	382,527
Financial liabilities		
Amortised cost	**225,865**	203,791
At 30 September	**225,865**	203,791

28. Financial instruments and risk management (continued)

Company

	Carrying value 2017 £'000	2016 £'000
Financial assets		
Non-current loans and receivables	**–**	50
Current loans and receivables	**53,802**	46,151
Cash and cash equivalents	**433**	686
At 30 September	**54,235**	46,887

	Carrying value 2017 £'000	2016 £'000
Financial liabilities		
Amortised cost	**7,397**	7,356
At 30 September	**7,397**	7,356

The carrying value approximates to the fair value of the financial assets and liabilities held.

Market risk

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

The Group undertakes trades on an agency basis on behalf of its clients. The Group holds financial instruments as principal, but does not trade as principal. All trades are matched in the market (see note 17).

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

The total net foreign exchange exposure resulting from income yet to be converted to sterling at the year end was a debtor of £497,000 (2016: £537,000).

The Group is exposed to translation risk in respect of the foreign currency value of the net assets of Tilman Brewin Dolphin Limited ('TBD'). At the year end TBD had net assets of £4.3 million (2016: £3.6 million) denominated in its local currency (Euros).

The Group does not hold any derivatives (2016: none).

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

Equity price risk

The Group is exposed to equity price risk arising from both available-for-sale and held-for-trading investments.

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower:

- Pre-tax profit for the year ended 30 September 2017 would have been £1,800 higher/lower (2016: £52,000 higher/lower) due to changes in the value of held-for-trading investment; and
- Other equity reserves as at 30 September 2017 would increase/decrease by £4,800 (2016: increase/decrease by £6,400) pre-tax for the Group as a result of the changes in fair value of available-for-sale investments.

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

Interest rate risk

The Group is exposed to interest rate risk in respect of the Group's cash and in respect of client deposits. The Group holds client deposits on demand and in 30 day notice accounts (variable interest rates). During the year a 1% increase in base rate would have increased pre-tax profitability by £1,044,000 (2016: £1,068,000).

Credit risk

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

Settlement risk

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

Concentration of credit risk

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

Maximum exposure

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

Credit exposure

Credit exposure in relation to settlement risk is monitored daily. The Group's exposure to large trades is limited with an average bargain size in the current year of £15,702 (2016: £15,765).

Impaired assets

The total gross amount of individually impaired assets in relation to trade receivables at the year end was £228,000 (2016: £83,000). Collateral valued at fair value by the Group in relation to these impaired assets was £190,000 (2016: £50,000). This collateral is stock held in the clients' account which per our client terms and conditions can be sold to meet any unpaid liabilities falling due. The net difference has been provided as a doubtful debt (see note 17). Note 17 details amounts past due but not impaired.

Non-impaired assets

Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds and equity trades quoted on a recognised exchange, are matched in the market, and are either traded on a DVP basis or against a client's portfolio in respect of which any one trade would normally be a small percentage of the client's collateral held in the Group nominee. At the year end no financial assets that would otherwise be past due or impaired had been renegotiated (2016: none).

Loans to employees are repayable over 5 to 10 years (see note 17).

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

	A-1+	A-1	A-2	Below A-2
Cash and cash equivalents	0.0%	59.4%	38.1%	2.5%

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

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

Liquidity risk

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

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

At 30 September 2017, the Group had access to an unsecured overdraft facility of £10 million (2016: £10 million).

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

28. Financial instruments and risk management (continued)

Group

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

As at 30 September 2017

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	**179,711**	**29,885**	**15,612**	**657**	**–**	**225,865**
	179,711	**29,885**	**15,612**	**657**	**–**	**225,865**

As at 30 September 2016

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	164,097	25,554	13,078	1,062	–	203,791
	164,097	25,554	13,078	1,062	–	203,791

Company

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

As at 30 September 2017

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	**7,397**	**–**	**–**	**–**	**–**	**7,397**
	7,397	**–**	**–**	**–**	**–**	**7,397**

As at 30 September 2016

	Up to 1 month £'000	1 month to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities						
Amortised cost	7,356	–	–	–	–	7,356
	7,356	–	–	–	–	7,356

Fair value measurement recognised in the statement of financial position

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

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

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

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

	Fair value as at 30 September 2017 £'000	Fair value as at 30 September 2016 £'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 1					
Trading investments	**36**	1,093	Quoted bid prices in an active market	n/a	n/a
Level 3					
Available-for-sale investments – Equity	**63**	105	The valuation is based on published monthly NAVs.	Marketability discount up to 30%.	As the marketability discount increases the valuation decreases.
Available-for-sale investments – Equity	**32**	23	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.
Available-for-sale investments – Asset-backed securities	**641**	705	The valuation is based on the fair value of the loan notes as presented in the most recent audited financial statements of the designated company. A marketability discount is applied as this investment is highly illiquid.	Marketability discount ranging between 30-50%.	As the marketability discount increases the valuation decreases.

Sensitivity analysis

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

Financial asset	Assumption	Change in assumption	Impact on valuation
Current assets – Available-for-sale investments – Equity	Marketability discount	Increase by 5%	Decrease by £5,600
Current assets – Available-for-sale investments – Asset-backed securities	Marketability discount	Increase by 5%	Decrease by £49,000

28. Financial instruments and risk management (continued)

Fair value hierarchy

As at 30 September 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Held for trading				
Equities	36	–	–	36
Available-for-sale financial assets				
Equities	–	–	95	95
Asset-backed securities	–	–	641	641
Total	36	–	736	772

As at 30 September 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Held for trading				
Equities	1,093	–	–	1,093
Available-for-sale financial assets				
Equities	–	–	128	128
Asset-backed securities	–	–	705	705
Total	1,093	–	833	1,926

Reconciliation of Level 3 fair value measurement of financial assets

Available-for-sale financial assets

	Total £'000
Balance at 30 September 2015	140
Disposals	(47)
Net loss from changes in fair value recognised in equity	(30)
Additions	770
Balance at 30 September 2016	833
Disposals	(40)
Net loss from changes in fair value recognised in equity	(75)
Additions	18
Balance at 30 September 2017	**736**

29. Share-based payments

Group

The Group recognised total expenses in the year of £8,052,000 (2016: £8,387,000) related to equity-settled share-based payment transactions. For a summary of all options and awards outstanding at the year end see note 24.

Equity-settled share option schemes

The Group has one plan, the 2004 Approved Option Scheme ('the Scheme'), for the granting of non-transferable options to employees. All options granted have fully vested and the services received from employees entitled to options under the Scheme have been fully expensed.

Other equity settled share-based payment plans

Long Term Incentive Plan ('LTIP')

The LTIP is a conditional arrangement under which contingent share awards can be made to selected senior management, including the Executive Directors. Details regarding the awards to the Executive Directors are set out in the Remuneration Report. The award will vest in one tranche, no earlier than three years from the grant date. Vesting will be subject to performance conditions which are set prior to each grant by the Remuneration Committee. The performance conditions will be related to the financial performance of the Group.

During 2017, the Group granted 1,226,504 LTIP awards which have an aggregate fair value of £2,968,000 at the date of grant. The Black-Scholes model is used to fair value the LTIP at the date of grant. The inputs into the Black-Scholes model used for the purposes of determining fair value were as follows:

Weighted average share price	287.4p
Weighted average exercise price	0.0p
Expected volatility	35.00%
Expected life (yrs)	3
Risk free rate	0.76%
Expected dividend yield	5.70%

Share Incentive Plan ('SIP')

Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in monthly payments (being not less than £10 and not greater than £150) to acquire ordinary shares in the Company ('Partnership Shares'). Partnership Shares are acquired monthly with an annual opportunity to top up contributions to the maximum annual limit of £1,800 (or 10% of salary if lower). For every Partnership Share purchased, the employee receives one matching share up to a total value of £20 per month. All shares to date awarded under this scheme have been purchased in the market monthly; it is the intention of the Directors to continue this policy in the year to September 2018.

Deferred Profit Share Plan ('DPSP')

The DPSP provides for eligible employees to defer part of their annual profit share entitlement into an award over ordinary shares (an 'Award'). Current policy is that employees receiving annual profit share in excess of £50,000 are required to defer 33% of any profit share in excess of this amount for a period of three years. Additional deferral requirements apply to Executive Directors which are set out in the Directors' Remuneration Report. Awards are generally in the form of nil cost options to acquire ordinary shares, although at the discretion of the Committee they may also take the form of a conditional right to receive ordinary shares. Awards in the form of mandatory deferrals made to the employees who leave the Group at any time prior to vesting lapse unless the employee leaves as a result of good leaver provisions. It is the intention of the Board to recommend our Trustees to purchase the shares in the market to satisfy options awarded under this scheme in order to avoid dilution in the year to September 2018.

During 2017, the Group granted 2,031,053 DPSP options which have an aggregate fair value of £5,837,000 at the date of grant.

Equity Award Plan ('EAP')

The EAP is a discretionary arrangement under which contingent share awards can be made to selected employees within the Group below Board level, for example to reward exceptional performance on behalf of the Group or in certain circumstances to aid key staff retention. Awards are generally in the form of conditional share awards, although at the discretion of the Committee they may also take the form of share options. Awards will normally vest three years after grant subject to continued service provisions. Awards will only be capable of being satisfied with existing shares sourced via the Company's employee benefit trust. No newly issued shares and/or treasury shares can be used under the EAP. Only non-director employees are eligible for selection to participate in the plan.

During 2017, the Group granted 77,710 EAP awards which have an aggregate fair value of £254,000 at the date of grant.

30. Operating lease arrangements

Group

The Group recognised operating leases payments as an expense in the year as follows:

	2017		2016	
	Land and buildings £'000	**Hire of equipment £'000**	Land and buildings £'000	Hire of equipment £'000
Lease payments	**6,700**	**273**	5,921	247
	6,700	**273**	5,921	247

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017		2016	
	Land and buildings £'000	**Hire of equipment £'000**	Land and buildings £'000	Hire of equipment £'000
Amounts payable under operating leases:				
Within one year	**7,143**	**233**	7,144	233
In the second to fifth years inclusive	**25,279**	**–**	25,367	233
After five years	**17,968**	**–**	22,377	–
	50,390	**233**	54,888	466

The Group has significant operating lease arrangements with respect to the premises it occupies. Hire of equipment is in relation to multifunctional printers.

The calculation of the future operating lease commitments has certain assumptions based on whether or not the Group expects to exercise break options. If these assumptions are removed and it is assumed that the Group will remain in all properties until the lease end date, the total commitment is £58.7 million (2016: £64.1 million).

As at 30 September 2017, there was £3.6 million (2016: £4.0 million) of future minimum sublease payments expected to be received under non-cancellable subleases. These expected future sublease receipts have been deducted in arriving at the onerous contracts provision (see note 23).

31. Contractual commitments

Group

Capital expenditure authorised and contracted for at 30 September 2017 but not provided in the financial statements amounted to £3.8 million (2016: £nil).

32. Notes to the Cash Flow Statement

Group

	2017 £'000	2016 £'000
Operating profit from continuing operations	**57,668**	49,743
Profit from discontinued operations	**–**	14,030
Adjustments for:		
Depreciation of property, plant and equipment	**1,917**	3,505
Amortisation of intangible assets – client relationships	**6,650**	6,287
Amortisation of intangible assets – software	**5,200**	4,441
Impairment of intangible assets and tangible assets	**–**	680
Profit on disposal of discontinued operation	**–**	(14,000)
Loss on disposal of fixed assets	**40**	–
Defined benefit pension scheme	**(3,000)**	(3,000)
Share-based payment expense	**8,052**	8,387
Translation adjustments	**40**	(8)
Interest income	**161**	514
Interest expense	**(11)**	(65)
Operating cash flows before movements in working capital	**76,717**	70,514
Increase/(decrease) in payables and provisions	**25,662**	(45,478)
(Increase)/decrease in receivables and trading investments	**(25,011)**	35,910
Cash generated by operating activities	**77,368**	60,946
Tax paid	**(9,905)**	(8,913)
Net cash inflow from operating activities	**67,463**	52,033

Company

	2017 £'000	2016 £'000
Operating profit	**43,434**	29,885
Operating cash flows before movements in working capital	**43,434**	29,885
Increase/(decrease) in payables	**41**	(14)
(Increase)/decrease in receivables and trading investments	**(7,601)**	3,156
Cash generated by operating activities	**35,874**	33,027
Tax paid	**–**	(525)
Net cash inflow from operating activities	**35,874**	32,502

33. Post balance sheet events

Group and Company

There have been no post balance sheet events.

34. Related party transactions

Group

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

	Amounts owed by related parties		Amounts owed to related parties	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Bell Lawrie White & Co. Limited	**–**	–	**2,434**	2,434
Brewin Dolphin Limited	**53,802**	46,151	**–**	–
Brewin Broking Limited	**–**	–	**4,900**	4,900
	53,802	46,151	**7,334**	7,334

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

The only effect of related party transactions on the profit and loss of the Company was in respect of dividends. The Company received dividends of £42,500,000 (2016: £30,000,000) from Brewin Dolphin Limited and £976,800 (2016: £nil) from Tilman Brewin Dolphin Limited.

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

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

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

Remuneration of key management personnel ('KMP')

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

The remuneration expense for key management personnel is as follows:

	2017 £'000	2016[1] £'000
Short-term employee benefits	**4,999**	4,877
Post-employment benefits	**37**	10
Termination benefits	**–**	162
Share-based payments:		
Lapses where KMP have left the Group	**(331)**	(54)
Continuing KMP	**1,254**	974
	5,969	5,969

1. The members of the Executive Committee were considered to be key management personnel from January 2016.

The remuneration of individual Directors is set out in the Directors' Remuneration Report on page 58 in addition to the disclosure above.

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

Directors' transactions

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