

**BROOKS MACDONALD FINANCIAL
CONSULTING LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Company number: 2621847

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Directors and Advisers

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

C A J Macdonald
S J Jackson
N H Lawes
M P Owen
M R Cooper
A W Butt (resigned 25 September 2015)
A N W Banks

Company Secretary

S J Jackson

Trading Office

72 Welbeck Street, London, W1G 0AY

Registered Office

72 Welbeck Street, London, W1G 0AY

Registered Number

2621847

Independent Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors
7 More London Riverside, London, SE1 2RT

Solicitors

Macfarlanes
20 Cursitor Street, London, EC4A 1LT

Bankers

The Royal Bank of Scotland plc
40 Islington High Street, London, N1 8JX

Report of the Directors

The directors present herewith their annual report, together with the audited financial statements for the company for the year ended 30 June 2015.

Principal Activities and Business Review

The principal activity of the company during the year was the provision of financial consulting services. The company's turnover for the year was £4,191,155 (2014: £4,034,234), an increase of 3.89%. After allowing for administrative expenses of £4,241,249 (2014: £4,143,187), this produced an operating loss of £50,094 (2014: loss £108,953).

The Company has continued to deliver fee based financial planning and ancillary services to high net worth individuals and employee benefit consultancy to a range of small to medium sized enterprises. During the year the company had an increase in turnover of 3.89%.

Future developments

The company is well-positioned to take advantage of the increased demand from businesses for advice on "auto-enrolment", resulting from the government's new pension legislation, which continues to be phased in for smaller employers. The investment in systems and recruitment of new consultants in the year ended 30 June 2015 provides a strong platform for the future growth of the business.

Risk Management

The company's policies with respect to non-financial and financial risk management are disclosed in note 21.

Results and Dividends

The loss for the financial year after taxation was £142,611 (2014: £146,343 loss).

During the year ended 30 June 2015, no dividends were paid. No final dividend was declared (2014: £nil).

It is proposed that the loss of £142,611 (2014: £146,343 loss) be transferred to reserves.

Directors' Indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year and these remain in force at the date of the report.

Report of the Directors**Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of Information to Auditors

Each of the directors in office at the date this report is approved confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



S J Jackson
Company Secretary

21 October 2015

**Independent Auditors' Report
to the Members of Brooks Macdonald Financial Consulting Limited**

Report on the financial statements

Our opinion

In our opinion, Brooks Macdonald Financial Consulting Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements for the year ended 30 June 2015 (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2015;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report
to the Members of Brooks Macdonald Financial Consulting Limited**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Marcus Hine (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
21 October 2015

**Profit and Loss Account
for the year ended 30 June 2015**

	Notes	2015 £	2014 £
Turnover	2	4,191,155	4,034,234
Administrative expenses		(4,241,249)	(4,143,187)
Loss on ordinary activities before taxation	3	(50,094)	(108,953)
Tax on loss on ordinary activities	5	(92,517)	(37,390)
Loss for the financial year	15	(142,611)	(146,343)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Historical Cost Equivalents

There is no material difference between the loss on ordinary activities before taxation and loss for the financial year stated above and their historical cost equivalent.


The company has no recognised gains or losses other than the loss for the financial year and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 8 to 19 form an integral part of these financial statements.

Balance Sheet
as at 30 June 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	6		4,649,688		2,738,452
Current assets					
Debtors	7	19,710,652		22,758,108	
Cash at bank and in hand		<u>371,662</u>		<u>328,764</u>	
		20,082,314		23,086,872	
Creditors: amounts falling due within one year	8	<u>(23,402,805)</u>		<u>(24,510,130)</u>	
Net current liabilities			<u>(3,320,491)</u>		<u>(1,423,258)</u>
Total assets less current liabilities			1,329,197		1,315,194
Creditors: amounts falling due after more than one year	9		(9,253)		(5,144)
Provisions for liabilities	10		(179,000)		(119,000)
Net assets			<u><u>1,140,944</u></u>		<u><u>1,191,050</u></u>
Capital and reserves					
Called up share capital	11		2,006		2,006
Share premium account	12		229,660		229,660
Capital contribution	14		707,326		614,821
Profit and loss account	15		201,952		344,563
Total shareholders' funds	16		<u><u>1,140,944</u></u>		<u><u>1,191,050</u></u>

The financial statements on pages 6 to 19 were approved by the board of directors on 21 October 2015 and were signed on its behalf by:



C A J Macdonald
Director

S J Jackson
Director

Company registered number: 2621847

The notes on pages 8 to 19 form part of these financial statements

**Notes to the Financial Statements
for the year ended 30 June 2015**

1. Principal accounting policies

The financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards within the United Kingdom. The principal accounting policies of the company, which have been applied consistently throughout the year, have remained unchanged from the previous year and are set out below.

Cash flow statement

The company is a wholly-owned subsidiary of its ultimate parent company Brooks Macdonald Group plc and its consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) "Cash Flow Statements".

(a) Turnover

Financial services commissions and fees for other services are recognised when the related services are provided.

(b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Depreciation is charged so as to write off the cost of the assets to their residual value over their estimated useful lives, using the straight line method, on the following bases:

Fixtures and fittings	-	over 6.67 years
Equipment	-	over 5 years

(c) Taxation

Tax on the profit of the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(d) Pension costs

Contributions in respect of the company's money purchase pension scheme are charged to the profit and loss account for the year in which they fall due.

**Notes to the Financial Statements
for the year ended 30 June 2015**

1. Principal accounting policies (continued)

(e) Share based payments

The company has applied the requirements of FRS20 Share-based payments and has adopted the requirements of UITF44. Equity settled share based payments in relation to the equity share of the parent company, Brooks Macdonald Group plc, are measured at fair value at the date of grant and the equity settled share based instrument is expensed on a straight line basis over the vesting period based on the number of shares that will eventually vest. The related credit is shown as a contribution from the parent company within equity reflective of the position that the company has no obligation in respect of these share based payments. The transactions when the options are exercised are dealt within the parent company financial statements in accordance with FRS20. No further charge to equity is made for the company.

The company also operate a "phantom" cash settled based share scheme. On the grant date, the liability incurred, shown as an accrual, is measured at fair value. The liability is re-measured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit and loss account and subsequent accrual for the period. When the phantom schemes options exercised, the payments are debited to the accrued amount in the company's financial statements.

(f) Trade debtors

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Doubtful debts are provided for when the collection of the full amount is no longer probable, whilst bad debts are written off when identified.

(g) Accrued Income

Turnover is recognised as it is earned in accordance with accounting policy (a) above. Where consideration is receivable after the balance sheet date, an appropriate accrual is made at the balance sheet date.

(h) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(i) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Client compensation

Complaints are assessed on a case by case basis and provisions for compensation are made in accordance with the above accounting policy.

(j) Cash

Cash comprises cash in hand and cash on demand deposits which may be accessed without penalty. Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition.

(k) Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All differences on exchange are dealt with in the profit and loss account.

**Notes to the Financial Statements
for the year ended 30 June 2015**

1. Principal accounting policies (continued)

(I) Share Capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Turnover

Turnover represents the amounts earned for services provided net of value added tax and commissions earned from financial services activities. All turnover is derived in the United Kingdom.

	2015 £	2014 £
Financial services commissions	4,035,488	3,773,156
Fee income	155,667	261,078
	4,191,155	4,034,234

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2015 £	2014 £
Staff costs	3,236,283	2,921,445
Audit fees – statutory audit	20,500	19,500
Depreciation of tangible fixed assets	98,069	73,961

In note 6, the total depreciation charge for the year was £945,333 (2014: £894,915) of which £98,069 (2014: £73,961) relates to the company, leaving a balance of £847,264 (2014 £820,954), which has been charged to other group companies.

4. Employee information

(a) Staff costs

	2015 £	2014 £
Wages and salaries	2,761,223	2,443,788
Social security costs	232,910	248,362
Other pension costs	147,466	121,175
Share based payments	94,684	108,120
	3,236,283	2,921,445
Pension contributions accrued but not paid at 30 June 2015 (30 June 2014)	11,648	14,864

(b) Employees

The average monthly number of employees during the year was as follows:

	2015 number	2014 number
Professional Staff	21	20
Administrative and support staff	14	14
	35	34

**Notes to the Financial Statements
for the year ended 30 June 2015**

4. Employee information (continued)

(c) Directors' emoluments

	2015 £	2014 £
Remuneration and benefits in kind	494,249	554,204
Amounts received under long term incentive schemes	34,571	-
Pension contributions – money purchase scheme	36,772	44,513
	565,592	598,717

The number of directors that exercised share option in the year was three (2014: five).

Retirement benefits are accruing to five (2014: six) directors under a money purchase pension scheme.

	2015 £	2014 £
Highest paid director		
Remuneration and benefits in kind	170,748	165,500
Pension contribution to money purchase scheme	24,900	24,533
	195,648	190,033

The highest paid director did not exercise share options during the year. In the year ended 30 June 2014, the highest paid director exercised share options.

**Notes to the Financial Statements
for the year ended 30 June 2015**

5. Tax on loss on ordinary activities

The tax charge on the loss on ordinary activities for the year was as follows:

	2015 £	2014 £
UK Corporation Tax	-	-
Deferred taxation charge	92,517	37,390
Tax on profit on ordinary activities	92,517	37,390

Factors affecting charge for year:

Loss on ordinary activities before taxation	(50,094)	(108,953)
Loss on ordinary activities multiplied by the standard rate of tax in the UK of 20.75% (2014: 22.5%)	(10,395)	(24,514)
Expenses not deductible for tax purposes	6,963	5,243
Capital allowances in excess of depreciation	(258,407)	(189,126)
Tax losses surrendered	653,786	398,935
Impact of share based payments	(391,947)	(190,538)
Current tax charge	-	-

The deferred taxation charge of £92,517 (2014: charge of £37,390) represents a credit of £24,802 (2014: charge of £44,252) arising out of the cost of share payments at the balance sheet date and a charge of £117,319 (2014: £6,862 credit) relating to accelerated capital allowances.

During the year, the company has surrendered losses of £3,150,776 as group relief to a fellow group company for a consideration of £nil.

Deferred tax	2015 £	2014 £
Accelerated capital allowances	(118,139)	(819)
Other timing differences	56,752	31,949
Total deferred tax	(61,387)	31,130

At start of period	31,130	68,520
Deferred tax charge in the profit and loss for the year	(92,517)	(37,390)
At end of period	(61,387)	31,130

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20.75%.

The change in corporation tax rates from 21% to 20% effective from 1 April 2015 has been incorporated into the deferred tax balances.

**Notes to the Financial Statements
for the year ended 30 June 2015**

6. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 July 2014	1,785,240	5,761,893	7,547,133
Additions	20,726	2,835,843	2,856,569
At 30 June 2015	1,805,966	8,597,736	10,403,702
Accumulated depreciation			
At 1 July 2014	861,272	3,947,409	4,808,681
Charge for the year	239,876	705,457	945,333
At 30 June 2015	1,101,148	4,652,866	5,754,014
Net book value			
At 30 June 2014	923,968	1,814,484	2,738,452
At 30 June 2015	704,818	3,944,870	4,649,688

7. Debtors

	2015 £	2014 £
Trade debtors	1,448,813	1,329,808
Amounts owed by parent undertaking	-	4,000,000
Amounts owed by related parties	16,787,678	15,522,348
Other debtors	699,473	583,719
Prepayments and accrued income	774,688	1,291,103
Deferred taxation	-	31,130
	19,710,652	22,758,108

The amount owed by the parent company represents a loan, which is interest free and has no fixed repayment date.

8. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,394,734	662,674
Dividend payable	95	95
Amounts owed to group undertakings	19,747,921	17,691,776
Amounts owed to parent company	259,000	4,310,630
Other creditors	158,306	97,116
Deferred taxation	61,387	-
Taxation and social security costs	645,319	599,951
Accruals and deferred income	1,136,043	1,147,888
	23,402,805	24,510,130

Included in accruals and deferred income there is an accrual of £21,544 (2014: £11,651) in respect of employer's National Insurance Contributions arising from the share options awards arising under the LTIS awards (note 13). These awards will be forfeited in total if the company's performance fails to meet the minimum criteria. The options granted were valued based on the market price of the shares at the time the options were granted, which was calculated using the Black Scholes method, details of which are given in note 16. The total charge in the year for National Insurance relating to share option schemes was £9,606 (2014: £11,116).

The amount owed to the parent company and other group companies represents an unsecured loan, which is interest free and has no fixed repayment date.

Notes to the Financial Statements
for the year ended 30 June 2015

9. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Other creditors	9,253	5,144

10. Provisions for liabilities

Provisions for client compensation payments relate to the potential liability resulting from client complaints against the company. The complaints are assessed on a case by case basis and provisions for compensation are made where it is, in the Directors view, more likely than not that a liability will arise. In those instances where it is concluded that a payment will be made, a provision is established to management's best estimate of the amount required to settle the amount at the relevant balance sheet date.

	2015 £	2014 £
Client compensation payments at beginning of the year	119,000	83,000
Charge for the year	60,000	47,957
Released during the year	-	(11,957)
Client compensation payments at end of the year	179,000	119,000

11. Called up share capital

	2015 £	2014 £
40,125 (2014: 40,125) ordinary shares of 5p each	2,006	2,006

12. Share premium account

	2015 £	2014 £
At beginning of the year	229,660	229,660
At end of the year	229,660	229,660

**Notes to the Financial Statements
for the year ended 30 June 2015**

13. Share Based Payments

In accordance with FRS 20, the parent undertaking, Brooks Macdonald Group plc, granted share options to the company's employees. The options granted to the company's employees consist of a share save scheme, an enterprise management incentive scheme (EMI), a company share option plan (CSOP), a phantom share option scheme (note 8) and the Long Term Incentive Scheme, which were valued on the basis of market prices at the time the options were granted and were calculated using the Black Scholes method with volatility ranging between 15% and 49%, on an historic price, covering the period to exercise cessation date. The expected volatility was estimated on the basis of the share price history subsequent to flotation. The risk free interest rate was assessed as the yield on a gilt edged security with a maturity term of three years. The options were valued at prices up to £14.64 per share, the charge for the year being £88,502 (2014: 97,004). The weighted average remaining contractual life of share options at the end of the year was 1.62 years (2014: 2.083 years).

Enterprise Management Incentive Scheme

	Number of options	2015 Weighted average exercise price (£)	Number of options	2014 Weighted average exercise price (£)
At beginning of the year	12,405	2.520	12,405	2.52
Forfeited in the year	(255)	2.900	-	-
Exercised in the year	(3,500)	1.723	-	-
At end of the year	8,650	2.900	12,405	2.52

Employee Sharesave Scheme

	Number of options	2015 Weighted average exercise price (£)	Number of options	2014 Weighted average exercise price (£)
At beginning of the year	22,658	12.690	22,532	9.65
Granted in the year	9,338	12.370	15,117	13.86
Forfeited in the year	(7,013)	13.500	-	-
Exercised in the year	(4,397)	10.230	(14,991)	9.16
At end of the year	20,586	12.900	22,658	12.69

Company Share Option Plan

	Number of options	2015 Weighted average exercise price (£)	Number of options	2014 Weighted average exercise price (£)
At beginning of the year	1,034	14.520	1,034	14.52
Granted in the year	1,087	13.805	-	-
At end of the year	2,121	14.153	1,034	14.52

Notes to the Financial Statements
for the year ended 30 June 2015

13. Share Based Payments (continued)

Long Term Incentive Scheme

	Number of options	2015 Weighted average exercise price (£)	Number of options	2014 Weighted average exercise price (£)
At beginning of the year	12,020	nil	10,237	nil
Exercised	(2,779)	nil	-	nil
Lapsed	(1,271)	nil	(473)	nil
Granted in the year	4,377	nil	2,256	nil
At end of the year	12,347	nil	12,020	nil

The weighted average share price at the date of exercise for options exercised during the year was £15.72 (2014: £15.46).

The equity share option cost in the year ended 30 June 2015 amounted to £88,502 (2014: £97,004). The charge is calculated using the charge in the financial statements of Brooks Macdonald Group plc apportioned in the ratio of the company's employees to that of the Group's employees.

Details of outstanding share options are as follows:

Enterprise Management Incentive Scheme

Year of grant	Exercise price (p)	Exercise period	2015 Number of options	2014 Number of options
2006	215.0	2009-2016	-	1,000
2007	290.5	2010-2017	8,650	11,405
At 30 June			8,650	12,405

Employee Sharesave Scheme

Year of grant	Exercise price (p)	Vesting year	2015 Number of options	2014 Number of options
2011	916.0	2014	-	985
2012	1,054.0	2015	-	3,412
2013	1,172.0	2016	2,684	3,144
2014	1,386.0	2017	8,564	15,117
2015	1,237.0	2018	9,338	-
At 30 June			20,586	22,658

Notes to the Financial Statements
for the year ended 30 June 2015

13. Share Based Payments (continued)

Long Term Incentive Scheme

Scheme year	Exercise price (p)	Vesting year	2015 Number of options	2014 Number of options
2010	nil	2013	1,474	1,474
2011	nil	2014	2,124	4,903
2012	nil	2015	2,914	3,387
2013	nil	2016	2,256	2,256
2014	nil	2017	3,579	-
At 30 June			<u>12,347</u>	<u>12,020</u>

14. Capital Contribution

	2015 £	2014 £
Capital Contribution in respect of cost of share payments at beginning of the year	614,821	517,817
Movement in the year	92,505	97,004
Capital contribution in respect of cost of share payments at end of the year	<u>707,326</u>	<u>614,821</u>

15. Profit and loss account

	2015 £	2014 £
As at beginning of the year	344,563	490,906
Loss for the financial year	(142,611)	(146,343)
As at end of the year	<u>201,952</u>	<u>344,563</u>

16. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Opening balance	1,191,050	1,240,389
Cost of share payments	92,505	97,004
Loss for the financial year	(142,611)	(146,343)
Closing shareholders' funds	<u>1,140,944</u>	<u>1,191,050</u>

17. Ultimate parent company

The immediate and ultimate parent undertaking and controlling party is Brooks Macdonald Group plc, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the company secretary at 72, Welbeck Street, London, W1G 0AY.

18. Related party transactions

Advantage has been taken of the exemption available under FRS 8 Related Party Transactions not to disclose transactions with the parent company, and other group companies as it owns 100% of the share capital of Brooks Macdonald Financial Consulting Limited.

**Notes to the Financial Statements
for the year ended 30 June 2015**

19. Guarantees

The company has a rent guarantee in the form of a fixed and floating debenture with its bank.

20. Transactions with directors

The company has a facility of providing interest free season ticket loans to the company's employees, including the company's directors. The following directors took advantage of this facility:

Director	2015 Loan Balance £	2014 Loan Balance £	2015 Maximum amount £	2014 Maximum amount £
S J Jackson	5,120	4,966	10,214	9,933
M P Owen	1,333	833	8,000	5,000
M R Cooper	533	1,572	3,200	3,074

21. Risk Management

The Board of directors reviews and agrees policies for managing its risk exposure. These policies are summarised below and have remained unchanged for the year under review.

(a) Reputational risk

The company has a growing reputation as a provider of high quality investment and wealth management services. There is a risk that significant damage to reputation could lead to the loss of existing clients as well impacting on the ability to gain new clients which would lead to a fall in financial income. The company maintains an independent compliance department which ensures conformity with the regulations of the Financial Services Authority as well as relevant statute in all of its dealings with clients.

(b) Regulatory risk

The company monitors actual and pending changes in regulations in order to assess the impact on the business of the company and the company plans to ensure that it has sufficient resources to implement any necessary changes.

(c) Competition risk

In order to ensure that there is minimal risk of the loss of clients due to poor performance and the loss of key investment professionals, the company continues to invest in its employees and monitors the developments in the marketplace in which it operates to ensure that the company continues to offer a wide range of services. The company has a dedicated training manager to provide structured training plans for of the company's employees.

(d) Technology risk

The board of directors regularly reviews and appraises new IT projects to ensure that the company continues to develop its IT capabilities. The company has a disaster recovery site which would provide back-up facilities in the event of major IT failure.

(e) Operational risk

The company minimises this risk by continuously monitoring and reviewing the controls in place to ensure that these are adequate.

**Notes to the Financial Statements
for the year ended 30 June 2015**

21. Risk Management (continued)

(f) Liquidity risk

The company's primary objective is to manage short-term liquidity requirements and to ensure that the company maintains a surplus of immediately realisable assets over its liabilities such that all known and potential cash obligations can be met. At the balance sheet date the cash and balances at bank were £371,662 (2014: £328,764).

(g) Market risk

This includes interest rate risk to which the company is exposed through movements in interest rates on its surplus cash balances. The company may seek to reduce the volatility by fixing a proportion of this interest exposure whilst taking account of prevailing market conditions as appropriate.

(h) Credit risk

The company invests some of its surplus funds in highly liquid market instruments. Such investments have a maturity no greater than three months. To reduce the risk of a counterparty default the company deposits its funds in approved high quality banks. In respect of credit risk on trade debtors, these are neither past due nor impaired and low risk.